

ANNUAL REPORT

— OF THE —

CANADIAN NATIONAL RAILWAY
SYSTEM

FOR THE YEAR ENDED DECEMBER 31, 1927

McGill University
School of Commerce
Library



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CANADIAN NATIONAL RAILWAYS

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*The Executive Committee is composed of the six
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Mr. H. J. PAGE.....	Director of Investigation.....	MONTREAL
Mr. Wm. PHILLIPS.....	Manager, Industrial Department.....	MONTREAL

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Mr. WALTER PRATT.....	General Manager, Hotels & Sleeping & Dining Cars....	MONTREAL
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Mr. L. C. THOMSON.....	Manager of Stores.....	MONTREAL
Mr. G. H. JENKINS.....	General Fuel Agent.....	MONTREAL
Mr. A. L. GRABURN.....	Assistant General Fuel Agent.....	MONTREAL
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CANADIAN NATIONAL RAILWAYS

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MR. L. MACDONALD.....	Freight Traffic Manager.....	MONTREAL
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MR. M. F. TOMPKINS.....	Traffic Manager.....	MONCTON
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MR. H. G. FOREMAN.....	Assistant General Treasurer.....	MONTREAL
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MR. G. F. ANCRUM.....	Treasurer.....	MONTREAL
MR. W. S. HARRISON.....	General Auditor of Revenues.....	MONTREAL
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MR. B. A. BOURGEOIS.....	Treasurer.....	MONCTON
MR. L. C. GROOM.....	Auditor, Land Department.....	MONTREAL
MR. E. ARNOLD.....	Auditor of Freight Claims.....	MONTREAL
MR. J. G. SWALWELL.....	Auditor, Express Accounts.....	MONTREAL

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MR. W. G. BARBER.....	General Manager, Telegraph & Telephone Department.....	TORONTO
DR. W. J. BLACK.....	Director of Colonization, Agriculture and Natural Resources Departments.....	MONTREAL
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MR. W. D. KEESON.....	Director of Insurance.....	MONTREAL
MR. F. A. BOURNE.....	Superintendent of Pensions and Relief.....	MONTREAL
MR. W. A. BOOTH.....	Director, Safety and First Aid.....	MONTREAL

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MR. HENRY PHILIPS.....	Assistant Secretary.....	MONTREAL
MR. D. R. GUNN.....	Assistant Secretary.....	MONTREAL
MR. F. B. HAYDEN.....	Registrar.....	MONTREAL
MR. M. H. STEVENS.....	Assistant Registrar.....	MONTREAL
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MR. H. W. HARDING.....	European Secretary and Comptroller.....	LONDON
MR. A. H. CONEYBEARE.....	Assistant European Secretary.....	LONDON
MR. W. H. HAMMERTON.....	European Registrar.....	LONDON

EUROPEAN OFFICE: ORIENT HOUSE, 42-45 NEW BROAD STREET, LONDON, E.C.2, ENGLAND

EUROPEAN TRAFFIC AND COLONIZATION DEPARTMENT

MR. C. J. SMITH, VICE-PRESIDENT

MR. P. A. CLEWS.....	European Traffic Manager.....	
MR. DAN M. JOHNSON.....	European Colonization Manager.....	

OFFICE: 17-19 COCKSPUR STREET, LONDON, S.W.1, ENGLAND

CANADIAN NATIONAL RAILWAYS

Montreal, Que., March 31, 1928.

To the Honourable Charles A. Dunning, M.P.,
Minister of Railways and Canals,
Ottawa.

Sir:—

On behalf of the Board of Directors I have the honour to submit the report of the operation and affairs of the Canadian National Railway System for the year ended December 31, 1927. The Maritime Freight Rates Act, 1927, having become effective on July 1 the results of the Eastern Lines as described in that act are eliminated from the Canadian National Railways accounts and are published separately. Due to Receivership proceedings the accounts and mileages of the Central Vermont Railway System have been excluded from this report. The Canadian National Railways 1926 accounts have been restated in order to permit an accurate comparison with the year 1927.

MILEAGES

	Miles Owned by Constituent Companies	Miles Under Lease or Contract	Miles Under Trackage Rights	Total Mileage
Central Region (Lines west of Levis & Diamond Jct.)	6,919.61	443.29	22.57	7,385.47
Grand Trunk Western Lines.	841.81	121.12	27.78	990.71
Western Region.	10,232.83	427.57	54.41	10,714.81
Total.	17,994.25	991.98	104.76	19,090.99

Certain details are shown at the end of this report.

OPERATING RESULTS

The operating results for the year are shown in the following summary, which compares the principal items of revenue and expenses with the corresponding items for the previous year:—

Revenue			
	1927	1926	Increase
Freight.	\$193,541,352.73	\$191,787,465.76	\$1,753,886.97
Passenger.	36,080,488.49	35,570,671.22	509,817.27
Express.	13,163,925.34	12,774,453.93	389,471.41
Mail.	3,147,755.27	3,142,219.50	5,535.77
Miscellaneous.	10,642,202.24	10,101,844.13	540,358.11
Total.	\$256,575,724.07	\$253,376,654.54	\$3,199,069.53
Expenses			
	1927	1926	Increase
Maintenance of Way & Structures.	\$46,075,178.06	\$43,028,428.62	\$3,046,749.44
Maintenance of Equipment.	47,447,253.16	47,321,602.60	125,650.56
Traffic.	7,124,864.67	6,440,087.63	684,777.04
Transportation.	105,166,760.58	100,603,158.02	4,563,602.56
Miscellaneous Operations.	2,414,842.34	2,121,607.17	293,235.17
General.	7,226,199.60	6,970,244.08	255,955.52
Transportation for Investment <i>Credit</i>	993,350.79	1,012,478.24	Dec. 19,127.45
Total.	\$214,461,747.62	\$205,472,649.88	\$8,989,097.74
Net Earnings.	\$42,113,976.45	\$47,904,004.66	Dec. \$5,790,028.21
Operating Ratio.	83.59%	81.09%	

General Remarks

Having regard for the various factors relating to the System the general results of the year's operations may be considered satisfactory. Although the net earnings were less by \$5,790,000 than those for 1926, they were much higher than in any previous year.

CANADIAN NATIONAL RAILWAYS

Gross Earnings

Gross earnings exceeded those of 1926 by \$3,199,069 (1.26%). This increase was not in proportion to the increase in operating expenses, partly on account of reduced rates, the early harvest in 1926 and the late harvest in 1927.

OPERATING EXPENSES

Operating expenses exceeded those of 1926 by about \$8,989,000 (4.37%) represented substantially by increases in wages and in maintenance of way and structures.

MAINTENANCE OF WAY AND STRUCTURES

The increase of \$3,046,750 (7%) is due partly to increased wages and partly to a higher standard of maintenance. Part of the work involved in the extension of stone ballast and the introduction of heavier rails was responsible for a share of the increase. The balance of these two items is charged to capital account. While due economy is essential, it is felt that the introduction of a higher standard of maintenance has been wise.

Special items included \$136,000 for the widening of Victoria Bridge roadway, Montreal, also \$236,371 written off account changes involved in the Toronto Viaduct Scheme. The work of replacing wooden trestles and culverts with permanent structures has been continued.

MAINTENANCE OF EQUIPMENT

The expenditures under this heading were only \$125,000 (.27%) more than those for the previous year. That the increased traffic did not require a larger increase in this item was largely due to increased efficiency in shops and yards and in shop operations. During the year a new class of locomotives—the 6100 class—was introduced. These locomotives serve both passenger and freight purposes and have given very satisfactory results. They were designed mainly by our own officers to meet our own requirements. As an instance of their capabilities they are operated without change between Sarnia and Montreal (511 miles), with consequent reduction in roundhouse and terminal expense and appreciable saving in other ways.

TRANSPORTATION EXPENSES

The increase of \$4,563,602 (4.5%) was to a great extent due to higher wages and to some extent to higher fuel costs; also partly to increased business.

BETTERMENTS

Work on the following items was included under this heading:—

New immigration facilities at the Halifax Ocean Terminals (now nearly completed); new train shed at Saint John (finished);

New stations at Summerside and Carleton, P.E.I., and at St. Fabien, P.Q.; car repair plant at Jonquiere;

Freight transfer yard at Oshawa; west bound freight yard at Niagara Falls; additional yard tracks at Mimico; 69 miles of automatic block signals for double track main line on Cornwall and Dundas subdivisions; 300 ton main line mechanical coaling plants at Paris and Belleville;

Various items in connection with the Toronto Viaduct Scheme, including new engine facilities; also bridge over Spadina Avenue; new through freight tracks to the south of the Viaduct and retaining wall along Fleet Street;

Tunnel yard extension at Port Huron; additional work on enlarged train yard at Pontiac;

2.74 miles of the Pontiac Belt Line; continuation of grade separation projects at Chicago, South Bend, Lansing and Detroit; various improvements at Flint, including passenger station and additional trackage;

New station at Edmonton and car shop at Prince Rupert; 6 mile loop line at Saskatoon.

TRAFFIC MOVEMENT

While the general business enjoyed by the Company has been satisfactory, it is felt that a field exists for further and more intensive traffic solicitation together with the continued mobilization of every individual in the service of the Company in the attraction of traffic to the Company's lines. No aspect of the Company's affairs is more important than continuous and vigorous activity in this direction.

The System revenue ton miles during 1927 show an increase of .85% over the 1926 figure. The western grain crop totalled 996,510,000 bushels, an increase of 85,534,000 bushels (9.4%) over 1926. Due to adverse weather conditions both in the spring and fall harvesting was delayed, with the result that deliveries of grain during 1927 as compared with those of 1926 were 4.4% lower to the head of the Lakes and 1.7% lower to Vancouver and Prince Rupert. The portion of the 1927 crop which did not move during that year will be handled in the first six months of this year.

CANADIAN NATIONAL RAILWAYS

Our passenger revenues were increased approximately 1.43%. The average distance each passenger was carried during 1927 was 72.96 miles, as compared with 66.67 miles in 1926. The number of passengers ticketed ex-transatlantic steamers increased by 3.9% over those ticketed in 1926. Chinese passenger traffic decreased 24%, due to the disturbed situation in China.

Our express business showed a general increase, as compared with the previous year and resulted in an increase in revenue of 3.05%.

TRAFFIC ITEMS

Freight revenues have been adversely affected during the year as a result of certain rate adjustments.

Under General Order No. 448 of the Board of Railway Commissioners, effective September 12, 1927, grain rates from all points in Western Canada to the head of the Lakes were reduced appreciably; and grain rates to Vancouver and Prince Rupert for export were reduced to the lakehead rate basis. Up to the end of 1927 the relative earnings were over \$600,000 less than they would have been but for the above order.

Freight and passenger revenues were seriously affected by floods in New England and the Mississippi Valley.

Increased passenger train miles on new lines and new steam and motor car services amounted to 879,400 train miles.

Elimination of unprofitable and unnecessary steam trains to the extent of 194,500 train miles and the substitution of motor cars for steam services to the extent of 163,300 train miles resulted in a saving of about \$301,000 in operating expenses.

Our revenues continue to be adversely affected by competition of water carriers; also by motor truck and bus competition.

In order to offset competition by motor trucks and parcel post, a decrease in express rates on parcels weighing 15 pounds and less was put into effect on January 1, 1928.

FINANCE

In the Appropriation Act for 1927 \$22,500,000 was voted for Canadian National purposes covering the nine months' period to December 31, 1927.

As of July 1, 1927, an issue of \$65,000,000 of 4½% Thirty Year Guaranteed Gold Bonds was made for the following purposes:—

Refunding Three Year Guaranteed Gold Notes, due July 1, 1927.....	\$20,000,000
Funding a temporary loan made in connection with the 1926-1927	
Budget requirements.....	15,000,000
Various expenditures under the above mentioned nine months' Budget	16,600,000
Expenditures for branch line construction and the Toronto Viaduct	
Scheme.....	13,400,000
	\$65,000,000

The balance of the requirements under the nine months' Budget will be provided from an issue of securities to be made during 1928.

As of May 1, 1927, an issue was made of \$15,000,000 of 4½% Equipment Trust Certificates, Series "J", in connection with new equipment costing over \$20,000,000.

The Funded Debt Retirements during the year were:

Canadian National 4% Three Year Guaranteed Gold Notes, due	
July 1, 1927.....	\$20,000,000.00
Bay of Quinte Railway 5% First Mortgage Bonds, due January 2,	
1927.....	730,000.00
Equipment Trust Certificates of various issues.....	5,291,400.00
Payments under various Sinking Funds and otherwise.....	1,473,107.97
	\$27,494,507.97

On November 15 last a Scheme of Arrangement and Compromise was approved at a meeting held in London, England, of the holders of the Canadian Northern Railway Company 5% Income Charge Convertible Debenture Stock, under which, subject to ratification by the Parliament of Canada, payment of the stock will be made on May 6, 1928, at 94% of the par value. An act ratifying the Scheme has been passed by the Parliament of Canada.

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION

During the year 88 miles of line were graded in Saskatchewan and 43 miles in Alberta, in addition to which some track laying was completed as well as ballasting, fencing, telegraph facilities and buildings.

In the Province of Quebec the St. Felicien to Mistassini line, 26.6 miles, was practically speaking completed and was opened for traffic in November.

HUDSON BAY LINE

On behalf of the Government considerable work towards rehabilitating this line was undertaken and preparations were started for the continuation of the line to Fort Churchill.

MANITOBA

Arrangements with the Province of Manitoba were made under which a line about 88 miles in length will be constructed by the Manitoba Northern Railway Company from the Hudson Bay line to the Flin Flon Mines, which are controlled and will, it is expected, be developed by United States interests, as a result of which there should be opened up a new mining district which promises to afford substantial traffic.

The bonds of the Manitoba Company will be guaranteed by the Canadian National Railway Company, which will in consideration of such guarantee obtain the capital stock of the Manitoba Company and thus control it.

WAGE ADJUSTMENTS

Increases in pay were granted during the year to practically all classes of employees. Satisfactory agreements were reached by friendly negotiations. Boards of conciliation were applied for in two instances. These increases and other adjustments showed an operating payroll increase of about \$3,771,000.

HOTEL DEPARTMENT

The gross revenues amounted to about \$2,573,000, an increase of about \$278,000 over 1926; with a reduction of operating losses to about \$15,000, as compared with a loss of \$35,000 for 1926. Over \$211,000 of special maintenance expenses were charged against Operating Account as compared with about \$165,000 so charged in 1926.

The capacity of Jasper Park Lodge was increased. It is proposed to increase the accommodation of Pictou Lodge during the present year.

Our operation of the Highland Inn and of Nominigan and Minesing Camps will be discontinued this year.

The extension to the Chateau Laurier is well under way. The operating profits from this hotel show an appreciable increase as compared with those of the previous year.

TERMINALS

An arrangement was made with the City of Vancouver under which a settlement was reached covering various long outstanding matters in connection with the developments and expenditures required under the agreement made in 1910. This included the construction of a first class hotel, work on which will be started during the present year.

After prolonged investigation plans have been prepared for central terminal facilities in the City of Montreal. These plans if carried out will result in the consolidation of the passenger train services now operated into and out of the Bonaventure, the Tunnel, the Moreau Street and the Montreal and Southern Counties Stations. Until the suggestions have been approved by the City of Montreal, the Harbour Commissioners, the Board of Railway Commissioners and the Dominion Parliament nothing in this respect can be considered as final.

Substantial progress was made during the year in connection with the Toronto Viaduct Scheme. In August the New Union Station was opened by the Prince of Wales accompanied by Premier Baldwin. On account of the magnitude of the work involved and the necessity for settlement by way of arbitration or otherwise in regard to the acquisition of certain properties considerable work still remains to be done before the permanent trackage can be completed; but in the meantime the passenger tracks on the ground level, extended and rearranged, are still in use.

INDUSTRIAL DEPARTMENT

During the year just passed, 456 new manufacturing establishments of various sorts were located on the lines of this railway in Canada, involving a capital expenditure of \$44,213,030, and 103 concerns already located on our lines in Canada made additions to their plants at an estimated expenditure of \$29,000,000. This is indicative of a healthy business condition and also affords ample justification for the establishment of the Industrial Department the activities of which contributed much towards the location of the various enterprises on the lines of the railway.

CANADIAN NATIONAL RAILWAYS

CENTRAL VERMONT

In November very serious floods occurred in the New England States and the Eastern Townships, resulting in a partial tie-up in train movements and a loss in earnings resulting from traffic having to be detoured over foreign lines. In this connection arrangements were made to broadcast daily from Ottawa various news bulletins and reports of relief measures undertaken. This service was much appreciated by the people affected by the floods.

The damage to the Central Vermont properties was so great that in order to enable the raising of the moneys required to rehabilitate the line an application was made to the United States Courts by the Canadian National Railways for the appointment of Receivers for the Central Vermont System. The reasons for this application were so obvious that it was immediately granted by the appointment of Messrs. George A. Gaston and John W. Redmond as Receivers. It was made in order to enable the Central Vermont to obtain advances (and give security therefor) to provide the funds required to restore its line to working conditions. The rehabilitation was undertaken without delay and has been carried on in the face of great difficulties, with the result that on February 4, 1928, the line was re-opened as far as White River Junction.

Satisfactory arrangements have been made for the sale of Receivers' Certificates up to not exceeding \$5,000,000; also for the payment at par and accrued interest of Central Vermont bonds in New York on demand of the holders. These bonds mature in 1930. They were guaranteed by the Grand Trunk Railway Company, whose liability to pay is now that of its successor, the Canadian National Railway Company.

The receivership and the various matters ensuing therefrom have been of an amicable character. It may safely be said that a most friendly relationship exists between the Central Vermont and the Canadian National Railways on the one hand and the people of the State on the other.

ROUYN LINE

As of December 23, 1927, an issue of \$3,396,000 of National Transcontinental Railway Branch Lines Company First Mortgage $4\frac{1}{2}\%$ Thirty Year Sinking Fund Gold Bonds dated October 1, 1925, was made for the purpose of funding loans obtained for the construction of that Company's line from Rouyn to Taschereau, a distance of about forty-five miles.

WEST INDIES TRADE AGREEMENT

During the year contracts were placed by the Canadian National (West Indies) Steamships, Limited, for the construction of five twin screw, steam turbine vessels required for the services under the above agreement. All these vessels will be approximately 430 feet long and 60 feet wide. It is expected that three of them will be in commission before the end of 1928 and will be operated all the year round from Saint John and Halifax to Bermuda and the Windward Islands as far south as Demerara. They will have accommodation for 103 first class passengers and 132 second and third class; and cargo capacity of about 283,000 cubic feet, deadweight tonnage 6,400 each.

The remaining two vessels will be operated to Bermuda, Nassau and Jamaica, in Summer from Montreal, in Winter from Saint John and Halifax. They should be available for service at the commencement of the 1929 St. Lawrence navigation season. They will have accommodation for 103 first class passengers and for 243,000 cubic feet of cargo, mostly bananas; deadweight tonnage 4,400 each.

COLONIZATION

In territory tributary to our lines about 190,000 acres of new land were broken in Saskatchewan and about 410,000 in Alberta. These lands should produce crops this year. 38,685 European settlers were brought out under our auspices in 1927 as compared with 31,536 in the previous year. About 9,000 were British. The balance came from other European Countries.

Our work in connection with immigration has been considerably extended during the year and satisfactory relations with the Dominion and Provincial Governments have been maintained.

Valuable work has been done by our station agents at many points in the Western Provinces in developing farm help applications and in meeting and directing newcomers. Their co-operation and assistance is much appreciated.

The Department of Natural Resources has been active in every Province, more particularly in the Maritime Provinces, as a result of which much new development is under way.

LAND SALES

74,267 acres of land were sold during the year for \$994,231, representing an average price of \$13.39, as compared with 115,445 acres sold in 1926 for \$1,697,327, representing \$14.70 per acre. Cancellations of purchase contracts covered 20,797 acres in 1927 and 94,006 acres in 1926. As a result of the marked decrease in cancellations it will be seen that the net increase in land sales during the year amounted to 32,031 acres.

CANADIAN NATIONAL RAILWAYS

TELEGRAPH MATTERS

The operations under this heading show continued expansion and progress during the year. Our advocacy of the use of telegrams for ordinary business made it necessary to materially increase our facilities in order to handle growing business.

Improved automatic equipment has been installed on the following circuits:—Toronto—Hamilton—Buffalo; Toronto—Montreal—Ottawa; also Winnipeg—Edmonton—Saskatoon.

The carrier current system, by which a number of messages may be transmitted simultaneously on one circuit is now in operation between Montreal and Toronto and between Toronto and Winnipeg. This system has substantially increased traffic owing to its reliability through not being affected by earth currents. It has enabled the Canadian National private long distance telephone system to be extended from the East to Winnipeg. Telephone and telegraph services can be carried on simultaneously, without interference of one with the other.

The net income from telegraph service increased from \$241,249 in 1926 to \$403,967 in 1927.

INSURANCE

The Insurance Reserve applicable to Canadian Government Merchant Marine has been transferred to the separate balance sheet of that Company. The Canadian National Railways' Insurance Reserve increased during the year by \$1,285,421 and at the end of the year stood at \$7,494,400. The losses on property insured in the Railway Fund during the year were \$556,000. There was no large fire loss.

PURCHASING AND STORES DEPARTMENTS

At the end of the year there was some increase of coal in stock as compared with the corresponding amount in December, 1926. This was due to an extra supply having been put in to provide for possible emergencies resulting from the strike in the Pittsburgh and Ohio Districts. This strike made it necessary for our mines in Ohio to be closed down and forced us to get our American coal largely from other fields. Our purchases of coal from Canadian mines during the year were nearly the highest on record. It is expected that imports of American coal will be very materially reduced in 1928. The stocks of general stores showed a substantial reduction during the year. There is no present indication of any great variation from last year in the price of railway materials.

PENSION

The following employees, with fifty or more years of service, were placed on pension during the year, and their records furnish a fine testimonial to the fidelity and loyalty with which they have served the Company for more than half a century. The best wishes of the management are extended to them for a long and well-merited period of retirement:

	Service		Service
Ackman, G. C.....	52	Jehu, L.....	53
Bell, J.....	52	King, G. H.....	52
Caron, F. X.....	51	McCormack, J.....	52
Charters, S. C.....	52	Norton, R. S.....	51
Clark, A.....	50	Parsley, W. H.....	53
Crowe, E.....	51	Reiffenstein, C. E.....	52
Desjardins, E. L.....	51	Ryan, F.....	56
Dillon, M.....	57	Stone, G. M.....	54
Ellis, W.....	51	True, B.....	55
Ferguson, H.....	55	Turnbull, D.....	54
Griffin, J.....	51	Turner, H.....	54
Healey, P. J.....	55	Vandenberg, J.....	55
Holmes, H. S.....	56		

Mr. J. Henderson was also retired on pension after 50 years' honourable service; but, we regret to note, he died shortly after retirement.

CANADIAN NATIONAL RAILWAYS

The Board records with pride and admiration that the following employees deserve honourable mention for life saving acts and efforts:

Berry, Alonzo
Bundy, Charles S.
Candline, John
Gagne, Joseph E.

Ramsay, James
Robinson, Lucius A.
Smith, Henry E.

HALIFAX HOTEL

In 1926 a plan, which had been privately promoted for the erection of a modern hotel at Halifax, was presented to the Board of Directors for consideration. The plan was found to be unsatisfactory in its method of finance and was rejected. The need of more modern hotel facilities at Halifax was, however, apparent to the Board, and it was recognized that, with the establishment in the winter of 1928-1929 of the new and important services of the Canadian National Steamships between Halifax and the West Indies, this need would become still more pressing. Protracted negotiations ensued between Halifax financiers and the National Railways in an effort to arrive at a satisfactory plan whereby such Railways might participate in the promoters' undertaking, although the inclination of the Board was that the National Railways should itself construct and own a hotel at Halifax. After these negotiations had been in progress for some time the Canadian Pacific Railway was invited by the promoters to participate in their enterprise, but no decision was reached by the Board of that Company until September 26, 1927, when it decided to take up \$350,000 of the Preferred Stock in such enterprise. On July 14, 1927—more than two months prior to this action by the Canadian Pacific—Col. J. L. Ralston, Minister of National Defence, had announced that the possibility of the Canadian National Railways participating financially in the building of a hotel by Halifax promoters had been considered by the Cabinet and that approval would not, without the direct authority of Parliament, be forthcoming for the purchase by the National Railways of minority shares in a privately financed hotel.

On July 20, 1927, the National Railways announced that an appropriate amount for the provision of hotel facilities at Halifax would be included in its annual Budget to be submitted to Parliament. On September 23, 1927, further representations that the National Railways should purchase preferred shares in the privately promoted Halifax hotel were considered by the Cabinet; and Col. Ralston immediately notified the President of the Hotel Company that the Cabinet had adhered to the decision reached on July 14 and emphasized the announcement of the intention of the National Railways management to include in the 1928 Budget a railway terminal hotel at Halifax. The decision of the Canadian Pacific to take up the Preferred Stock of the Hotel Company was made by the Executive Committee of that Railway Company three days later.

The site for the new combined station and hotel of the National Railways at Halifax, upon which foundation work is proceeding, is admirably situated to serve the transportation needs of the community, being on the ocean terminals, and immediately adjoining the present station of the National System. Ample land was available without additional cost. The hotel is to have one hundred and sixty rooms with an ultimate capacity of three hundred rooms. Authority is asked in the Railway Estimates for the expenditure of \$1,250,000. The Board believes that it has acted with wisdom and has followed that course which was essential for the protection of the interests of the National Railways.

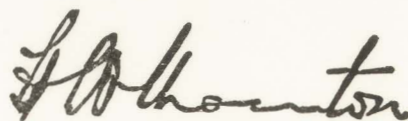
EXECUTIVE COMMITTEE

On June 30 approval by Order-in-Council was given to the appointment of an Executive Committee consisting of six directors. This Committee usually meets weekly except in a week when a meeting of the Directors is held, and its existence has facilitated directoral functions.

GENERAL

The results for the year testify to the continued healthy economic condition of the country and are indicative of continued and improving opportunities for the investment of capital and settlement. No country offers a more attractive field for hands and brains than the Dominion.

In closing this report the Board again desires to express to all officers and employees its gratitude for the fine spirit and enthusiasm which have characterized the service of all in the employ of the Company.



Chairman and President.

CANADIAN NATIONAL

CONSOLIDATED BALANCE SHEET

ASSETS			
INVESTMENTS:			
701 Investment in Road and Equipment.....		\$1,914,939,182.63	
702 Improvements on Leased Railway Property.....		3,198,263.90	
703 Sinking Funds:			
System Securities at par.....	\$9,422,666.79		
Other Assets at Cost.....	4,183,218.16	13,605,884.95	
704 Deposits in Lieu of Mortgaged Property Sold.....		5,196,173.04	
705 Miscellaneous Physical Property.....		55,488,465.10	
706 Investments in Affiliated Companies:			
"A" Stocks.....	\$1,516,785.91		
"B" Bonds.....	16,456,591.80		
"C" Notes.....	8,041,905.52		
"D" Advances.....	14,098,303.10	40,113,586.39	
707 Other Investments.....		4,580,097.51	\$2,037,121,653.52
CURRENT ASSETS:			
708 Cash.....		\$22,348,866.14	
711 Special Deposits.....		10,089,677.40	
712 Loans and Bills Receivable.....		14,803.93	
713 Traffic and Car Service Balances Receivable.....		1,644,516.73	
714 Net Balances Receivable from Agents and Conductors.....		6,006,066.50	
715 Miscellaneous Accounts Receivable.....		7,520,235.49	
Dominion Government—Operating Deficit on Eastern Lines.....		3,049,746.31	
716 Material and Supplies.....		40,990,224.65	
717 Interest and Dividends Receivable.....		289,857.64	
718 Rents Receivable.....		143,866.64	
719 Other Current Assets.....		28,617.50	92,126,478.93
DEFERRED ASSETS:			
720 Working Fund Advances.....		\$266,047.46	
721 Insurance and Other Funds.....		7,941,346.23	
722 Other Deferred Assets.....		9,469,989.62	17,677,383.31
UNADJUSTED DEBITS:			
723 Rents and Insurance Premiums paid in Advance.....		\$45,633.36	
724 Discount on Capital Stock.....		189,500.00	
725 Discount on Funded Debt.....		7,004,553.28	
727 Other Unadjusted Debits.....		4,752,995.21	11,992,681.85
			<u>\$2,158,918,197.61</u>

NOTE: (a) The title of the Canadian Northern Ontario Railway and the Canadian Northern Quebec Railway Companies to lands carried in "Miscellaneous Physical Property" has been questioned by the Ontario and Quebec Provincial Governments.

(b) The investments in the Central Vermont Railway Company, now in receivership, are carried in "Investments in Affiliated Companies" at cost including interest unpaid to date of receivership.

RAILWAY SYSTEM

AT DECEMBER 31, 1927.

LIABILITIES		
STOCKS:		
751 Capital Stock.....	\$270,222,748.70	
752 Stock Liability for Conversion.....	10,600.00	\$270,233,348.70
GOVERNMENTAL GRANTS:		
754 Grants in Aid of Construction.....		16,603,115.19
LONG TERM DEBT:		
755 Funded Debt Unmatured.....	981,381,736.52	
DOMINION OF CANADA ACCOUNT:		
Funded Debt Unmatured.....	\$33,048,000.00	
Loans from Dominion of Canada.....	562,490,349.30	
	\$595,538,349.30	
Interest on above Accrued but Unpaid.....	226,142,005.41	
Appropriations account Can. Govt. Rlys.....	436,416,387.32	1,258,096,742.03
		2,239,478,478.55
CURRENT LIABILITIES:		
758 Loans and Bills Payable.....	\$500.00	
759 Traffic and Car Service Balances Payable.....	4,503,552.55	
760 Audited Accounts and Wages Payable.....	19,075,545.87	
761 Miscellaneous Accounts Payable.....	4,983,709.74	
762 Interest Matured Unpaid.....	7,243,020.37	
764 Funded Debt Matured Unpaid.....	425,216.47	
766 Unmatured Interest Accrued.....	8,163,705.81	
767 Unmatured Rents Accrued.....	412,235.31	
768 Other Current Liabilities.....	188,124.43	44,995,610.55
DEFERRED LIABILITIES:		
769 Liability for Provident Funds.....	\$31,139.41	
770 Other Deferred Liabilities.....	4,520,087.79	4,551,227.20
UNADJUSTED CREDITS:		
771 Tax Liability.....	\$1,618,639.94	
773 Insurance and Casualty Reserves.....	7,762,659.14	
775 Accrued Depreciation—Road.....	2,286,851.22	
776 Accrued Depreciation—Equipment.....	6,518,409.96	
777 Accrued Depreciation—Miscellaneous Physical Property.....	861,959.59	
778 Other Unadjusted Credits.....	2,421,716.09	21,470,235.94
CORPORATE SURPLUS or Deficit:		
779 Additions to Property through Income and Surplus.....	\$1,729,890.53	
780 Funded Debt Retired through Income and Surplus.....	986,000.00	
781 Sinking Fund Reserves.....	636,343.69	
783 Appropriated Surplus.....	2,146,605.09	
784 Profit & Loss Balance— <i>Deficit</i>	443,912,657.83	438,413,818.52
		\$2,158,918,197.61

J. M. ROSEVEAR,
General Comptroller.

We have examined the books and records of the Companies comprising the Canadian National Railway System for the twelve months ended the 31st December, 1927. The investments in Road and Equipment appearing in the books of the Companies as at the 1st January, 1923, were accepted by us.

We certify that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the affairs of the System as at the 31st December, 1927, and we further certify that, in our opinion, the attached Income and Profit and Loss Accounts for the year ended the 31st December, 1927, are correctly stated.

GEORGE A. TOUCHE & CO.,
Chartered Accountants,
Auditors.

31st March, 1928.

CANADIAN NATIONAL RAILWAYS

PROFIT AND LOSS ACCOUNT, 1927

DEBITS:

611 Debit Balance Canadian National Railway System at January 1, 1927.....	\$414,320,294.09	
Deduct Central Vermont Railway System Debit Balance at January 1, 1927.....	5,408,813.04	\$408,911,481.05
612 Debit Balance transferred from Income.....		34,373,027.22
613 Surplus applied to Sinking and Other Reserve Funds.....		2,444.00
615 Surplus appropriated for Investment in Physical Property.....		1,266.18
618 Miscellaneous Appropriations of Surplus.....		88,232.90
619 Loss on Retired Road and Equipment.....		1,525,598.50
		\$444,902,049.85

CREDITS:

603 Profit on Road and Equipment Sold.....	\$277,070.59
605 Unrefundable Overcharges.....	17,025.67
606 Donations.....	57,933.65
607 Miscellaneous Credits and Debits Net.....	514,573.61
622 Adjustment of Land Surplus Account.....	122,788.50
Debit Balance forward to Balance Sheet.....	443,912,657.83
	\$444,902,049.85

NOTE: The above figures do not include those of the Central Vermont Railway for twelve months, nor of the Eastern Lines for six months ended the 31st December, 1927.

CANADIAN NATIONAL RAILWAYS

INCOME STATEMENT

	Year ending December 31, 1927	Year ending December 31, 1926
501 Railway Operating Revenues.....	\$256,575,724.07	\$253,376,654.54
531 Railway Operating Expenses.....	214,461,747.62	205,472,649.88
Net Revenue from Railway Operations.....	\$42,113,976.45	\$47,904,004.66
532 Railway Tax Accruals.....	\$4,532,636.88	\$4,561,075.86
533 Uncollectible Railway Revenues.....	44,866.89	46,168.94
Railway Operating Income.....	\$37,536,472.68	\$43,296,759.86
502 Revenues from Miscellaneous Operations.....	\$2,573,144.32	\$2,294,815.79
534 Expenses of Miscellaneous Operations.....	2,519,581.67	2,274,852.57
535 Taxes on Miscellaneous Operating Property.....	68,517.56	65,711.96
Miscellaneous Operating <i>Deficit</i>	\$14,954.91	\$45,748.74
Total Operating Income.....	\$37,521,517.77	\$43,251,011.12
504 Rent from Locomotives.....	\$333,363.51	\$333,794.72
505 Rent from Passenger Train Cars.....	397,123.56	353,432.73
506 Rent from Floating Equipment.....	385.00	150.00
507 Rent from Work Equipment.....	461,619.68	349,669.20
508 Joint Facility Rent Income.....	1,114,664.73	1,033,843.62
509 Income from Lease of Road.....	32,211.97	77,124.88
510 Miscellaneous Rent Income.....	1,022,351.65	589,009.99
511 Miscellaneous Non-Operating Physical Property.....	296,807.98	203,086.60
512 Separately Operated Properties—Profit.....	1,456,151.87	1,606,279.99
513 Dividend Income.....	470,527.49	413,227.50
514 Income from Funded Securities.....	865,903.69	848,697.41
515 Income from Unfunded Securities & Accounts.....	1,694,200.81	1,769,641.36
516 Income from Sinking and Other Reserve Funds.....	740,453.36	736,906.86
519 Miscellaneous Income.....	56,686.23	83,271.39
Total Non-Operating Income.....	\$8,942,451.53	\$8,398,136.25
Gross Income.....	\$46,463,969.30	\$51,649,147.37
536 Hire of Freight Cars—Debit Balance.....	\$3,599,650.52	\$3,771,560.57
537 Rent for Locomotives.....	92,330.79	96,343.34
538 Rent for Passenger Train Cars.....	291,485.13	303,419.09
539 Rent for Floating Equipment.....	13,354.65	9,224.29
540 Rent for Work Equipment.....	44,180.36	40,439.00
541 Joint Facility Rents.....	1,083,207.19	923,860.40
542 Rent for Leased Roads.....	1,212,587.52	1,222,583.85
543 Miscellaneous Rents.....	82,091.78	83,435.47
544 Miscellaneous Tax Accruals.....	175,116.65	150,974.55
545 Separately Operated Properties—Loss.....	712,087.62	646,746.73
546 Interest on Funded Debt.....	40,448,274.44	39,119,410.55
546A Interest on Dominion Government Advances.....	32,190,648.77	31,804,380.40
547 Interest on Unfunded Debt.....	297,862.23	129,752.41
548 Amortization of Discount on Funded Debt.....	488,331.56	503,392.47
551 Miscellaneous Income Charges.....	42,148.17	30,797.39
Miscellaneous Appropriations of Income.....	63,639.14	60,567.84
Total Deductions from Gross Income.....	\$80,836,996.52	\$78,896,888.35
Net Income <i>Deficit</i>	\$34,373,027.22	\$27,247,740.98

CANADIAN NATIONAL RAILWAYS

RAILWAY OPERATING REVENUES AND EXPENSES

	Year ending December 31, 1927	Year ending December 31, 1926
RAILWAY OPERATING REVENUES:		
101 Freight.....	\$193,541,352.73	\$191,787,465.76
102 Passenger.....	36,080,488.49	35,570,671.22
103 Excess Baggage.....	212,083.24	217,129.61
104 Sleeping Car.....	2,100,347.22	1,985,812.77
105 Parlor and Chair Car.....	285,118.71	268,584.76
106 Mail.....	3,147,755.27	3,142,219.50
107 Express.....	13,163,925.34	12,774,453.93
108 Other Passenger—Train.....	91,259.85	48,670.85
109 Milk.....	421,437.53	417,549.20
110 Switching.....	2,439,325.49	2,376,715.82
111 Special Service Train.....	124,886.71	137,488.97
113 Water Transfers—Freight.....	8,040.88	
114 Water Transfers—Passenger.....	25,728.25	9,406.80
115 Water Transfers—Vehicles and Live Stock.....	24,783.32	9,422.18
116 Water Transfers—Other.....	6,586.72	1,721.50
131 Dining and Buffet.....	1,495,020.72	1,355,864.27
132 Restaurant.....	57,108.37	56,920.76
133 Station, Train and Boat Privileges.....	176,347.69	165,658.62
134 Parcel Room.....	102,135.92	112,554.11
135 Storage—Freight.....	183,206.08	186,353.04
136 Storage—Baggage.....	50,457.06	50,367.57
137 Demurrage.....	736,035.25	794,676.81
138 Telegraph and Telephone.....	2,405.87	2,507.28
139 Grain Elevator.....	326,070.57	373,898.76
141 Power.....	21,235.08	14,711.86
142 Rents of Buildings, etc.....	318,795.79	300,417.72
143 Miscellaneous.....	1,405,952.60	1,409,914.56
151 Joint Facility—Credit.....	113,452.92	18,992.23
152 Joint Facility—Debit.....	85,619.60	116,154.22
Total Operating Revenues.....	\$256,575,724.07	\$253,376,654.54
RAILWAY OPERATING EXPENSES:		
Maintenance of Way and Structures.....	\$46,075,178.06	\$43,028,428.62
Maintenance of Equipment.....	47,447,253.16	47,321,602.60
Traffic.....	7,124,864.67	6,440,087.63
Transportation.....	105,166,760.58	100,603,158.02
Miscellaneous Operations.....	2,414,842.34	2,121,607.17
General.....	7,226,199.60	6,970,244.08
Transportation for Investment—Credit.....	993,350.79	1,012,478.24
Total Operating Expenses.....	\$214,461,747.62	\$205,472,649.88

CANADIAN NATIONAL RAILWAYS

RAILWAY OPERATING EXPENSES

	Year ending December 31, 1927	Year ending December 31, 1926
MAINTENANCE OF WAY AND STRUCTURES:		
201 Superintendence.....	\$3,321,349.39	\$2,902,790.14
202 Roadway Maintenance.....	4,304,133.29	3,663,204.48
206 Tunnels and Subways.....	20,791.24	24,029.30
208 Bridges, Trestles and Culverts.....	3,281,695.10	2,744,143.56
212 Ties.....	7,502,178.05	7,653,561.93
214 Rails.....	3,319,128.02	2,550,795.72
216 Other Track Material.....	2,257,104.52	1,901,791.34
218 Ballast.....	844,387.62	620,155.54
220 Track Laying and Surfacing.....	12,591,013.38	12,100,305.18
221 Right of Way Fences.....	422,022.48	376,397.16
223 Snow and Sand Fences and Snow Sheds.....	86,338.91	45,882.84
225 Crossings and Signs.....	497,663.52	460,927.47
227 Station and Office Buildings.....	1,853,016.11	1,569,320.96
229 Roadway Buildings.....	195,339.94	196,010.31
231 Water Stations.....	510,507.47	559,552.24
233 Fuel Stations.....	197,073.02	188,235.74
235 Shops and Enginehouses.....	1,524,983.01	1,271,322.70
237 Grain Elevators.....	56,832.94	58,149.76
241 Wharves and Docks.....	117,086.40	129,879.49
243 Coal and Ore Wharves.....	2,522.92	8,508.19
245 Gas Producing Plants.....	89.02	328.91
247 Telegraph and Telephone Lines.....	448,407.43	465,172.21
249 Signals and Interlockers.....	469,793.17	399,962.67
253 Power Plant Buildings.....	11,140.21	30,270.50
255 Power Substation Buildings.....	405.57	110.74
257 Power Transmission Systems.....	11,871.59	4,239.57
259 Power Distribution Systems.....	21,414.65	25,729.13
261 Power Line Poles and Fixtures.....	13,221.43	3,080.89
265 Miscellaneous Structures.....	1,430.75	2,142.14
267 Paving.....	12,842.26	817.40
269 Roadway Machines.....	292,563.69	246,826.92
271 Small Tools and Supplies.....	644,359.85	585,719.79
272 Removing Snow, Ice and Sand.....	1,741,699.40	2,289,331.98
273 Assessments for Public Improvements.....	29,703.04	6,784.99
274 Injuries to Persons.....	303,763.73	264,419.13
275 Insurance.....	373,045.57	380,081.45
276 Stationery and Printing.....	69,194.12	66,043.79
277 Other Expenses.....	33,678.70	18,327.99
278 Maintaining Joint Tracks, Yards and Other Facilities, Dr.....	369,038.37	333,027.36
279 " " Cr.....	1,745,800.33	1,100,704.40
Depreciation—U.S. Lines Only.....	68,148.51	71,751.41
Total.....	\$46,075,178.06	\$43,028,428.62

CANADIAN NATIONAL RAILWAYS

RAILWAY OPERATING EXPENSES

	Year ending December 31, 1927	Year ending December 31, 1926
MAINTENANCE OF EQUIPMENT:		
301 Superintendence.....	\$1,805,302.97	\$1,761,117.11
302 Shop Machinery.....	1,272,055.58	1,240,013.69
304 Power Plant Machinery.....	76,124.75	86,378.08
306 Power Substation Apparatus.....	1,470.16	1,030.23
308 Steam Locomotives—Repairs.....	15,607,412.17	15,266,660.83
310 Steam Locomotives—Retirements.....	950,017.59	604,254.28
311 Other Locomotives—Repairs.....	38,833.77	32,087.53
314 Freight Train Cars—Repairs.....	16,241,183.23	17,000,738.89
316 Freight Train Cars—Retirements.....	1,331,408.69	1,108,823.17
317 Passenger Train Cars—Repairs.....	6,142,603.60	6,077,494.03
319 Passenger Train Cars—Retirements.....	71,896.54	190,452.00
320 Motor Equipment of Cars—Repairs.....	133,409.58	158,217.75
322 Motor Equipment of Cars—Retirements.....		18,867.23
323 Floating Equipment—Repairs.....	147,149.68	73,191.88
325 Floating Equipment—Retirements.....	20,068.56	
326 Work Equipment—Repairs.....	1,537,939.17	1,754,078.57
328 Work Equipment—Retirements.....	109,026.26	95,486.11
329 Miscellaneous Equipment—Repairs.....	17,027.61	16,792.26
331 Miscellaneous Equipment—Retirements.....	3,040.59	3,270.64
332 Injuries to Persons.....	287,424.26	310,645.34
333 Insurance.....	449,066.10	424,124.17
334 Stationery and Printing.....	66,473.10	79,227.46
335 Other Expenses.....	28,378.53	31,215.69
336 Maintaining Joint Equipment at Terminals, Dr.....	74,287.96	69,009.26
337 Maintaining Joint Equipment at Terminals, Cr.....	194,675.03	196,655.24
Depreciation—U.S. Lines Only.....	1,230,327.74	1,115,081.64
Total.....	\$47,447,253.16	\$47,321,602.60
TRAFFIC EXPENSES:		
351 Superintendence.....	\$2,039,930.98	\$1,862,291.07
352 Outside Agencies.....	2,507,686.63	2,342,500.17
353 Advertising.....	1,198,477.54	1,023,315.14
353 Radio.....	266,535.04	235,728.36
354 Traffic Associations.....	88,744.98	80,031.82
356 Industrial and Immigration Bureaus.....	102,123.54	72,707.17
356 Colonization, Agriculture and Natural Resources.....	546,729.03	460,077.06
357 Insurance.....	664.80	663.48
358 Stationery and Printing.....	367,523.05	343,650.76
359 Other Expenses.....	6,449.08	19,122.60
Total.....	\$7,124,864.67	\$6,440,087.63

CANADIAN NATIONAL RAILWAYS

RAILWAY OPERATING EXPENSES

	Year ending December 31, 1927	Year ending December 31, 1926
TRANSPORTATION RAIL LINE:		
371 Superintendence.....	\$3,634,642.69	\$3,736,599.35
372 Despatching Trains.....	1,393,587.33	1,321,045.66
373 Station Employees.....	15,545,083.29	15,069,985.40
374 Weighing, Inspection and Demurrage Bureaus.....	80,198.85	74,535.66
375 Coal and Ore Wharves.....		46,991.53
376 Station Supplies and Expenses.....	1,307,106.12	1,298,054.17
377 Yardmasters and Yard Clerks.....	2,720,650.88	2,585,759.35
378 Yard Conductors and Brakemen.....	5,343,141.58	5,052,438.13
379 Yard, Switch and Signal Tenders.....	683,649.40	648,949.26
380 Yard Enginemen.....	3,851,683.45	3,697,953.70
381 Yard Motormen.....	33,125.93	32,909.25
382 Fuel for Yard Locomotives.....	4,585,283.18	4,483,183.95
383 Yard Switching Power Produced.....	17,323.06	17,572.58
384 " " " Purchased.....	55,941.28	55,307.62
385 Water for Yard Locomotives.....	203,224.23	190,412.74
386 Lubricants for Yard Locomotives.....	46,701.38	49,267.10
387 Other Supplies for Yard Locomotives.....	44,562.26	45,227.12
388 Enginehouse Expenses—Yard.....	1,446,072.96	1,394,721.85
389 Yard Supplies and Expenses.....	121,477.58	114,498.05
390 Operating Joint Yards and Terminals, Dr.....	988,792.94	813,144.75
391 " " " Cr.....	1,387,034.06	1,362,068.86
392 Train Enginemen.....	10,613,852.35	9,982,471.39
393 Train Motormen.....	89,608.68	85,616.86
394 Fuel for Train Locomotives.....	19,058,874.19	18,567,805.86
395 Train Power Produced.....	9,403.51	13,859.01
396 " " " Purchased.....	44,752.08	46,861.65
397 Water for Train Locomotives.....	1,000,256.82	1,022,699.16
398 Lubricants for Train Locomotives.....	243,752.90	266,457.83
399 Other Supplies for Train Locomotives.....	183,055.33	187,902.92
400 Enginehouse Expenses—Train.....	3,438,212.04	3,360,730.22
401 Trainmen.....	11,863,007.03	10,848,228.78
402 Train Supplies and Expenses.....	5,044,548.10	4,720,782.46
403 Operating Sleeping Cars.....	1,040,044.10	946,110.64
404 Signal and Interlocker Operation.....	569,862.50	555,537.31
405 Crossing Protection.....	673,041.51	678,131.60
406 Drawbridge Operation.....	105,490.75	103,945.12
407 Telegraph and Telephone Operation.....	47,668.83	49,902.13
408 Operating Floating Equipment.....	1,033,709.61	788,907.36
409 Express Service.....	5,973,716.86	5,721,569.28
410 Stationery and Printing.....	655,658.24	665,153.39
411 Other Expenses.....	263,748.12	316,791.19
412 Operating Joint Tracks and Facilities, Dr.....	217,270.61	211,031.76
413 " " " Cr.....	515,275.83	508,812.13
414 Insurance.....	364,870.16	402,194.43
415 Clearing Wrecks.....	496,196.55	431,763.03
416 Damage to Property.....	63,838.96	145,723.06
417 Damage to Live Stock on Right of Way.....	59,263.01	51,441.67
418 Loss and Damage—Freight.....	1,068,241.10	972,302.46
419 " " " Baggage.....	2,992.01	3,441.41
420 Injuries to Persons.....	741,887.03	598,119.81
Total.....	\$105,166,760.58	\$100,603,158.02

CANADIAN NATIONAL RAILWAYS

RAILWAY OPERATING EXPENSES

	Year ending December 31, 1927	Year ending December 31, 1926
MISCELLANEOUS OPERATIONS:		
441 Dining and Buffet Service.....	\$2,137,398.73	\$1,825,054.14
442 Restaurants.....	52,252.87	64,722.68
443 Grain Elevators.....	152,862.85	179,242.14
445 Producing Power Sold.....	33,439.82	26,689.37
446 Other Miscellaneous Operations.....	38,888.07	25,898.84
Total.....	\$2,414,842.34	\$2,121,607.17
GENERAL EXPENSES:		
451 Salaries and Expenses of General Officers.....	\$871,922.31	\$903,853.54
452 Salaries and Expenses of Clerks and Attendants.....	3,581,051.63	3,488,123.33
453 General Office Supplies and Expenses.....	407,203.47	412,133.90
454 Law Expenses.....	458,753.85	479,771.76
455 Insurance.....	2,687.04	2,671.74
456 Relief Department Expenses.....	21,500.00	21,500.00
457 Pensions.....	1,106,074.07	951,262.66
458 Stationery and Printing.....	166,912.48	173,321.27
459 Valuation Expenses.....	34,613.69	41,296.77
460 Other Expenses.....	572,977.06	498,963.81
461 General Joint Facilities, Dr.....	14,645.41	6,989.54
462 " " " Cr.....	12,141.41	9,644.24
Total.....	\$7,226,199.60	\$6,970,244.08

CANADIAN NATIONAL RAILWAYS

EXPENDITURES, LESS RETIREMENTS, DURING THE YEAR 1927, APPLICABLE TO INVESTMENT IN ROAD AND EQUIPMENT

	C.N.R. Eastern Lines	Canadian National System
ROAD:		
1 Engineering.....	\$3,639.34	\$736,573.20
2 Land for Transportation Purposes.....	7,228.26	2,673,627.79
3 Grading.....	61,677.60	5,215,023.57
5 Tunnels and Subways.....	4,242.74	33,246.94
6 Bridges, Trestles and Culverts.....	52,175.39	3,017,208.38
8 Ties.....	17,446.38	755,073.32
9 Rails.....	133,439.46	1,416,662.65
10 Other Track Material.....	158,941.06	2,433,027.83
11 Ballast.....	43,682.25	1,583,619.63
12 Tracklaying and Surfacing.....	70,080.55	1,146,243.38
13 Right of Way Fences.....	17,214.13	101,739.41
14 Sand and Snow Fences and Snow Sheds.....	2,353.52	25,950.31
15 Crossings and Signs.....	5,152.37	205,860.20
16 Station and Office Buildings.....	471,429.75	1,626,335.92
17 Roadway Buildings.....	1,160.95	298,297.43
18 Water Stations.....	26,573.45	420,125.23
19 Fuel Stations.....	435.08	122,583.93
20 Shops and Enginehouses.....	123,834.83	843,084.84
21 Grain Elevators.....		66,547.97
23 Wharves and Docks.....	5,890.58	208,788.95
24 Coal and Ore Wharves.....		47.17
26 Telegraph and Telephone Lines.....		61,360.01
27 Signals and Interlockers.....	7,742.46	355,734.61
29 Power Plant Buildings.....		86,426.56
30 Power Substation Buildings.....		218.44
31 Power Transmission Systems.....		23,847.30
32 Power Distribution Systems.....	437.54	97,459.41
33 Power Line, Poles and Fixtures.....		86,750.59
34 Underground Conduits.....		5,184.41
35 Miscellaneous Structures.....		15,136.12
36 Paving.....		2,561.01
37 Roadway Machines.....	5,835.62	22,434.05
38 Roadway Small Tools.....	227.55	15,225.37
39 Assessments for Public Improvements.....		190,737.04
40 Revenues and Operating Expenses During Construction.....	2,268.99	212,920.60
41 Cost of Road Purchased.....		1,278,201.80
43 Other Expenses—Road.....	285.21	150,057.93
44 Shop Machinery.....	60,059.36	238,238.85
45 Power Plant Machinery.....	650.38	16,569.69
46 Power Substation Apparatus.....		3,678.79
47 Unapplied Construction Material and Supplies.....		82,350.61
	\$1,279,111.72	\$22,887,393.43
EQUIPMENT:		
51 Steam Locomotives.....		\$5,836,383.92
52 Other Locomotives.....		314,067.83
53 Freight Train Cars.....		6,738,342.00
54 Passenger Train Cars.....		5,696,616.40
55 Motor Equipment of Cars.....		239,869.53
56 Floating Equipment.....		509,634.70
57 Work Equipment.....		1,070,351.07
58 Miscellaneous Expenses.....		29,612.14
		\$20,434,877.59
GENERAL:		
71 Organization Expenses.....		\$6,418.56
72 General Officers and Clerks.....		12,288.17
73 Law.....		18,960.47
74 Stationery and Printing.....		6,655.18
76 Interest during Construction.....	\$7,950.44	362,232.15
77 Other Expenses—General.....	2,063.87	4,148.39
	\$10,014.31	\$402,406.14
Total.....	\$1,269,097.41	\$43,724,677.16
Total Canadian National System including Eastern Lines.....		\$44,993,774.57
Investment Expenditures under Suspense Appropriations.....		384,771.11
Investment Expenditures by Separately Operated Properties.....		1,587,168.29
Total Expended During Year.....		\$46,196,171.75
Transfers between Balance Sheet Accounts not applicable to Year's Expenditures.....		5,137,702.96
Balance at January 1, 1927.....	\$1,886,449,586.30	
Central Vermont Railway System.....	22,844,278.38	1,863,605,307.92
Balance at December 31, 1927, as per Balance Sheet.....		\$1,914,939,182.63

CANADIAN NATIONAL RAILWAYS

A/C 702—IMPROVEMENTS ON LEASED RAILWAY PROPERTY DURING YEAR 1927

	C.N.R. Eastern Lines	Canadian National System
ROAD:		
1 Engineering.....		\$3,679.16
2 Land for Transportation Purposes.....		34,902.00
3 Grading.....	\$7,909.39	839.97
6 Bridges, Trestles and Culverts.....	3,784.46	18,423.68
8 Ties.....		9,351.98
9 Rails.....	4,925.10	22,391.62
10 Other Track Material.....	746.00	28,114.78
11 Ballast.....		11,540.98
12 Track Laying and Surfacing.....	9,399.08	14,462.90
13 Right of Way Fences.....		5,582.25
14 Sand and Snow Fences and Snow Sheds.....	2,689.70	212.46
15 Crossings and Signs.....		150.13
16 Station and Office Buildings.....	5,988.46	18,044.91
17 Roadway Buildings.....		344.96
18 Water Stations.....	5,058.67	9,101.71
19 Fuel Stations.....		1,844.33
20 Shops and Engine Houses.....		15,562.93
21 Grain Elevators.....		2,668.02
23 Wharves and Docks.....		49,822.83
24 Coal and Ore Wharves.....		2,718.08
26 Telegraph and Telephone Lines.....		482.91
27 Signals and Interlockers.....		27,315.78
32 Power Distribution Systems.....		1,930.97
33 Power Line Poles and Fixtures.....		127.10
35 Miscellaneous Structures.....		579.70
37 Roadway Machines.....		647.27
39 Assessments for Public Improvements.....		17,374.62
44 Shop Machinery.....		2,176.70
	\$40,500.86	\$171,444.93
EQUIPMENT:		
57 Work Equipment.....		10,793.85
Total.....	\$40,500.86	\$160,651.08
Total Canadian National System including Eastern Lines.....		\$201,151.94
Investment Expenditures under Suspense Appropriations.....		65,297.50
Investment Expenditures by Separately Operated Properties.....		921.00
Total Expenditures During Year.....		\$267,370.44
Transfers between Balance Sheet Accounts not applicable to Year's Expenditures.....		2,321,788.63
Balance at January 1, 1927.....	\$5,964,867.63	
Central Vermont Railway System.....	712,185.54	5,252,682.09
Balance at December 31, 1927, as per Balance Sheet.....		\$3,198,263.90

CANADIAN NATIONAL RAILWAYS

STATEMENT SHOWING DETAILS OF EQUIPMENT OWNED DECEMBER 31, 1926 ADDITIONS, RETIREMENTS AND POSITION AT DECEMBER 31, 1927

	December 31, 1926 Ex. C.V.	Additions During Year	Retirements During Year	December 31, 1927
LOCOMOTIVES:				
Passenger—Freight.....	2,561	56	91	2,526
Switching.....	503	22	6	519
Electric Locomotives.....	12	3		15
Total Locomotives.....	3,076	81	97	3,060
FREIGHT EQUIPMENT:				
Box Cars.....	84,143	2,736	1,455	85,424
Flat Cars.....	10,267	30	680	9,617
Stock Cars.....	5,710	1	107	5,604
Coal Cars.....	16,713	241	330	16,624
Tank Cars.....	181		1	180
Refrigerator Cars.....	3,079	200	26	3,253
Caboose Cars.....	1,758	70	28	1,800
Other Cars in Freight Service.....	1,722	102	330	1,494
Total Freight Equipment.....	123,573	3,380	2,957	123,996
PASSENGER EQUIPMENT:				
First Class Cars.....	954	35	15	974
Second Class Cars.....	251	1	5	247
Combination Cars.....	414	12	9	417
Immigrant Cars.....	327	1	1	327
Dining Cars.....	84	12		96
Parlor Cars.....	133	5	1	137
Sleeping Cars.....	251	55	4	302
Postal Cars.....	83		6	77
Baggage and Express Cars.....	949	14	11	952
Unit Cars.....	41	7	1	47
Other Cars in Passenger Service.....	101	12		113
Total Passenger Equipment.....	3,588	154	53	3,689
IN COMPANY'S SERVICE:				
Business and Pay Cars.....	67			67
All Other Cars in Company's Service.....	7,233	737	237	7,733
Total in Company's Service.....	7,300	737	237	7,800
Total Cars.....	134,461	4,271	3,247	135,485
FLOATING EQUIPMENT:				
Motor Ship.....		1		1
Car Ferries.....	9	1		10
Barges.....	5	1		6
Tugs.....	3	1	1	3
Work.....	4			4

CANADIAN NATIONAL RAILWAYS

COMPARATIVE STATEMENT OF OPERATING REVENUE PAID IN LABOUR AND THE AVERAGE NUMBER OF EMPLOYEES

	1927	1926	Increase or Decrease	% Increase or Decrease
Gross Earnings.....	\$256,575,724.07	\$253,376,654.54	I. \$3,199,069.53	1.26
Operating Labour.....	128,248,553.84	123,863,197.21	I. 4,385,356.63	3.54
Ratio of Labour to Gross Earnings.....	49.98	48.88	I. 1.10	2.25
*Comparison of Payroll (including Betterments).....	155,529,857.00	148,475,896.00	I. 7,053,961.00	4.75
*Average Number of Employees.....	100,485	100,123	I. 362	.36
<i>*Includes Eastern Lines.</i>				

COMPARATIVE STATEMENT SHOWING DISTRIBUTION OF OPERATING RATIO AS BETWEEN LABOUR, FUEL AND OTHER EXPENSES

	1927	1926	Increase or Decrease	% Increase or Decrease
Labour.....	49.98	48.88	I. 1.10	2.25
Fuel.....	9.21	9.10	I. .11	1.21
Other Expenses.....	24.40	23.11	I. 1.29	5.58
Total.....	83.59	81.09	I. 2.50	3.08

COMPARATIVE STATEMENT SHOWING DISTRIBUTION OF OPERATING RATIO OVER GENERAL ACCOUNTS

	1927	1926
Maintenance of Way and Structures.....	17.96	16.98
Maintenance of Equipment.....	18.49	18.68
Traffic.....	2.78	2.54
Transportation—Rail.....	40.99	39.70
Miscellaneous Operations.....	.94	.84
General.....	2.82	2.75
Transportation for Investment—Credit.....	.39	.40
Total.....	83.59	81.09

COMPARATIVE STATEMENT SHOWING DISTRIBUTION OF DOLLAR SPENT AS BETWEEN LABOUR, FUEL AND OTHER EXPENSES

	1927—Cents	1926—Cents
Labour.....	60	60
Fuel.....	11	11
Other Expenses.....	29	29
Total.....	\$1.00	\$1.00

COMPARATIVE STATEMENT SHOWING DISTRIBUTION OF DOLLAR SPENT OVER GENERAL ACCOUNTS

	1927—Cents	1926—Cents
Maintenance of Way and Structures.....	22	21
Maintenance of Equipment.....	22	23
Traffic.....	3	3
Transportation—Rail.....	49	49
Miscellaneous.....	1	1
General.....	3	3
Transportation for Investment—Cr.....	..	..
Total.....	\$1.00	\$1.00

CANADIAN NATIONAL RAILWAYS

LOANS FROM DOMINION OF CANADA

	Principal Outstanding at Dec. 31, 1927	Interest Accrued 1927	Interest Accrued 1926
CANADIAN NATIONAL RAILWAY:			
6% Loan—Vote 478, Appropriation 4, 1920.....	\$25,000,000.00	\$1,500,000.00	\$1,500,000.00
6% Loan—Vote 126, Appropriation 2, 1921.....	55,293,435.18	3,317,606.10	3,317,606.10
6% Loan—Vote 137, Appropriation 2, 1922.....	23,288,747.15	1,397,324.82	1,397,324.82
5% Loan—Vote 377, Appropriation Act, 1925.....	2,149,381.75	107,469.09	89,714.61
4% Loan to G.T.P. Rly. Chap. 23, Acts of 1913.....	15,000,000.00	600,000.00	600,000.00
Sundry Items.....	80,000.00	33,706.99	23,125.30
GRAND TRUNK PACIFIC:			
6% Loan—Chapter 4, Acts of 1915.....	6,000,000.00	360,000.00	360,000.00
6% Loan—Appropriation Act No. 2, Acts of 1916.....	4,555,843.45	273,350.60	273,350.60
6% Loan—Appropriation Act No. 4, Acts of 1917.....	4,196,073.72	251,764.42	251,764.42
6% Loan—Appropriation, Acts of 1919.....	5,787,439.93	347,246.40	347,246.40
Advances to pay Guaranteed Interest (1916 to 1927).....	24,357,907.47		
Advances during Receivership 5% and 6% (1919 to 1927).....	51,981,541.99	3,059,527.58	3,142,394.68
3% G.T.P. Rly. Bonds held by Dominion Government.....	33,048,000.00	991,440.00	991,440.00
CANADIAN NORTHERN RAILWAY: (NOTE)			
3½% Loan—Chap. 6, Acts of 1911.....	2,396,099.68	83,863.48	83,863.48
4% Loan—Chap. 20, Acts of 1914.....	5,294,000.02	211,760.00	211,760.00
5% Loan—Chap. 4, Acts of 1915.....	10,000,000.00	500,000.00	500,000.00
6% Loan—Chap. 29, Acts of 1916.....	15,000,000.00	900,000.00	900,000.00
6% Loan—Chap. 24, Acts of 1917.....	25,000,000.00	1,500,000.00	1,500,000.00
6% Loan—Act. No. 1, Acts of 1918.....	25,000,000.00	1,500,000.00	1,500,000.00
6% Loan—War Measure Act of 1918.....	1,887,821.16	113,269.26	113,269.26
6% Equipment Loans—Chap. 38, Acts of 1918.....	13,951,328.28	837,079.70	837,079.70
6% Loan—Vote 108, Appropriation 4, Acts of 1919.....	35,000,000.00	2,100,000.00	2,100,000.00
6% Equipment Loan—Vote 96, Acts of 1919.....	23,362,212.73	1,401,732.76	1,401,732.76
6% Loan—Vote 127, Appropriation 4, 1920.....	48,611,077.00	2,916,664.62	2,916,664.62
6% Equipment Loan—Vote 115, Acts of 1920.....	15,503,426.34	930,205.58	930,205.58
6% Equipment Loans—Vote 113, Acts of 1921.....	1,725,723.30	103,543.40	103,543.40
6% Loan—Vote 126, Appropriation 2, 1921.....	44,419,806.42	2,665,188.38	2,665,188.38
6% Loan—Vote 136, Appropriation 1, 1922.....	42,800,000.00	2,568,000.00	2,568,000.00
6% Equipment Loans—Vote 115, 1922-1923.....	2,315,805.79	138,948.34	138,948.34
6% Loan—Vote 139, Appropriation Act, 1923.....	12,655,019.57	759,301.17	759,301.17
5% Loan—Vote 137, Appropriation Act, 1924.....	1,318,315.86	65,915.79	65,915.79
5% Loan—Vote 377, Appropriation Act, 1925.....	9,496,718.21	474,835.91	396,390.41
5% Loan—Vote 372, Appropriation Act, 1926.....	9,062,624.30	495,489.31	150,874.44
Less Interest chargeable to Eastern Lines.....		314,584.93	286,073.26
	\$595,538,349.30	\$32,190,648.77	\$31,804,380.40

NOTE:—In respect of the advances under this heading the Government has security by guarantee, mortgage or otherwise, in accordance with the conditions under which said advances were made.

CANADIAN NATIONAL RAILWAYS

A/C 546—"INTEREST ON FUNDED DEBT"

A/C 755—"UNMATURED FUNDED DEBT"

NAME OF SECURITY	Issuing Company	Date of Maturity	Principal Outstanding at Dec. 31, 1927	Interest Accrued 1927	Interest Accrued 1926
GUARANTEED BY DOMINION GOVERNMENT:					
5% Perpetual Debenture Stock.....	G.T.R.....	Perpetual.....	\$20,782,491.67	\$1,039,124.58	\$1,039,124.58
5% G.W. Perpetual Deb. Stock & Bonds...	G.T.R.....	Perpetual.....	13,252,322.67	662,616.12	662,616.12
4% Perpetual Debenture Stock.....	G.T.R.....	Perpetual.....	119,839,014.33	4,793,560.56	4,793,560.56
4% Nor. Rly. Perpetual Deb. Stock.....	G.T.R.....	Perpetual.....	1,499,979.67	59,999.18	59,999.18
4% Perpetual Guaranteed Stock.....	G.T.R.....	Perpetual.....	60,833,333.33	2,433,333.33	2,433,333.33
7% Sinking Fund Gold Deb. Bonds.....	G.T.R.....	Oct. 1, 1940....	24,743,000.00	1,732,010.00	1,732,010.00
6% Sinking Fund Gold Deb. Bonds.....	G.T.R.....	Sept. 1, 1936....	25,000,000.00	1,500,000.00	1,500,000.00
3% 1st Mtge. Bonds (ex Govt. holdings)...	G.T.P.....	Jan. 1, 1962....	34,992,000.00	1,049,760.00	1,049,760.00
4% Sterling Bonds, due 1962.....	G.T.P.....	Jan. 1, 1962....	8,440,848.00	337,633.92	337,633.92
3% 1st Mortgage Debenture Stock.....	Can. Nor.....	July 10, 1953....	9,359,996.72	280,799.86	280,799.86
3½% 1st Mortgage Debenture Stock.....	Can. Nor.....	July 20, 1958....	7,896,573.31	276,380.08	276,380.14
4% Debenture Stock and Bonds.....	Can. Nor.....	Sept. 1, 1934....	17,060,333.33	682,413.34	682,413.34
7% Sinking Fund Debenture Bonds.....	Can. Nor.....	Dec. 1, 1940....	24,793,000.00	1,735,510.00	1,735,510.00
6½% Sinking Fund Debenture Bonds.....	Can. Nor.....	July 1, 1946....	25,000,000.00	1,625,000.00	1,625,000.00
4½% 10 Year Gold Bonds.....	Can. Nor.....	Feb. 15, 1935....	17,000,000.00	765,000.00	765,000.00
3½% 1st Mortgage Debenture Stock.....	C.N.A.....	May 4, 1960....	3,149,998.66	110,249.94	110,249.94
3½% 1st Mortgage Debenture Stock.....	C.N.O.....	May 19, 1961....	34,229,996.87	1,198,049.84	1,198,049.84
5% Equipment Trust—Series "G".....	Can. Nat.....	Serially 1/8/1938	16,500,000.00	850,000.00	925,000.00
5% 30 Year Bonds.....	Can. Nat.....	Feb. 1, 1954....	50,000,000.00	2,500,000.00	2,500,000.00
4% 3 Year Guaranteed Gold Notes.....	Can. Nat.....	July 1, 1927....		400,000.00	800,000.00
4½% 30 Year Guaranteed Gold Bonds—1954	Can. Nat.....	Sept. 15, 1954....	26,000,000.00	1,170,000.00	1,170,000.00
4½% 5 Year Gold Bonds.....	Can. Nat.....	Feb. 1, 1930....	18,000,000.00	810,000.00	810,000.00
4½% 30 Year Guaranteed Gold Bonds—1957	Can. Nat.....	July 1, 1957....	65,000,000.00	1,309,406.89	
2% 1927 Guaranteed Debenture Stock.....	Can. Nat.....	By Tenders or Drawings.....	33,808,441.33	684,346.62	348,792.53
GUARANTEED BY PROVINCE OF ONTARIO:					
3½% 1st Mortgage Debenture Stock.....	C.N.O.....	1936 and 1938...	7,859,997.59	275,099.90	275,099.90
GUARANTEED BY PROVINCE OF MANITOBA:					
4% Consolidated Debenture Bonds.....	Can. Nor.....	June 30, 1930....	10,785,993.31	431,439.73	431,439.73
4% Sifton Branch Bonds.....	Can. Nor.....	Feb. 1, 1929....	1,137,340.00	45,493.60	45,493.60
4% Gilbert Plains Branch Bonds.....	Can. Nor.....	Nov. 1, 1930....	2,433.33	97.32	97.32
4% Man. & South Eastern Bonds.....	Can. Nor.....	Feb. 1, 1929....	510,513.34	20,420.53	20,420.53
4% Ontario Division Bonds.....	Can. Nor.....	June 30, 1930....	5,683,293.33	227,292.80	227,205.19
*4½% Ontario Division Bonds.....	Can. Nor.....	June 30, 1930....	61,320.00	2,803.20	2,901.75
4% Winnipeg Terminal Bonds.....	Can. Nor.....	July 1, 1939....	3,000,000.00	120,000.00	120,000.00
4% 1st Mortgage Debenture Stock.....	Can. Nor.....	June 30, 1930....	2,859,998.87	114,399.92	114,399.92
4% Province of Manitoba Bonds.....	Can. Nor.....	Oct. 1, 1930....	349,000.00	13,960.00	13,960.00
GUARANTEED BY PROVINCE OF SASKATCHEWAN:					
4% 1st Mortgage Bonds.....	G.T.P.B.L.....	Jan. 22, 1939....	9,874,062.00	394,962.48	394,962.48
4% 1st Mortgage Debenture Stock.....	Can. Nor.....	Jan. 23, 1939....	8,029,999.99	321,200.00	321,200.00
GUARANTEED BY PROVINCE OF ALBERTA:					
4% 1st Mortgage Bonds—1942.....	G.T.P.B.L.....	Feb. 15, 1942....	1,153,764.00	46,150.56	46,150.56
4% 1st Mortgage Bonds—1939.....	G.T.P.B.L.....	Feb. 25, 1939....	2,430,000.00	97,200.00	97,200.00
4% 1st Mortgage Debenture Stock.....	Can. Nor.....	Feb. 25, 1939....	5,586,665.64	223,466.62	223,466.62
4½% 1st Mtge. Deb. Stock & Bonds—1943	C.N.W.....	Oct. 22, 1943....	2,799,997.73	125,999.90	125,999.90
4½% 1st Mtge. Deb. Stock & Bonds—1942	C.N.W.....	Feb. 16, 1942....	6,424,000.00	289,080.00	289,080.00
GUARANTEED BY PROVINCE OF BRITISH COLUMBIA:					
4% 1st Mortgage Debenture Stock.....	C.N.P.....	April 2, 1950....	16,412,001.13	656,480.07	656,480.07
4½% Terminal Debenture Stock.....	C.N.P.....	April 2, 1950....	8,614,000.00	387,630.00	387,630.00
Carried Forward.....			\$750,755,710.15	\$31,798,370.89	\$30,628,420.91

*These securities are not guaranteed but may be exchanged for 4% Ontario Division Bonds.

CANADIAN NATIONAL RAILWAYS

A/C 546—"INTEREST ON FUNDED DEBT"—Continued

A/C 755—"UNMATURED FUNDED DEBT"—Continued

NAME OF SECURITY	Issuing Company	Date of Maturity	Principal Outstanding at Dec. 31, 1927	Interest Accrued 1927	Interest Accrued 1926
Brought Forward.....			\$750,755,710.15	\$31,798,370.89	\$30,628,420.91
UNGUARANTEED (BY PROVINCES OR DOMINION):					
4% Canada Atlantic 1st Mtge. Bonds.....	G.T.R.....	Jan. 1, 1955.....	16,000,092.00	640,003.68	640,003.68
7% Wellington, Grey & Bruce Bonds.....	G.T.R.....	By Drawings	207,806.67	27,918.27	27,738.85
6% Northern Railway 3rd Pref. Bonds.....	G.T.R.....	Indeterminable..	70,566.66	4,234.00	4,234.00
5% Equipment Trust—Series "D".....	G.T.R.....	Aug. 1, 1927.....		4,166.67	16,666.66
6% Equipment Trust Notes "U.S.R.A.".....	G.T.R.....	Ser. 15/1/1935..	479,200.00	28,752.00	32,346.00
6½% Equipment Trust Certificates "F".....	G.T.R.....	Feb. 1, 1936.....	11,230,000.00	729,950.00	729,950.00
3¾% 1st Mortgage Bonds.....	N.E. Elev.....	Serially 1/7/1941	140,000.00	5,437.50	5,812.50
4% 1st Mortgage Bonds.....	Port. Elev.....	" 1/1/1937	50,000.00	2,000.00	2,200.00
4% 1st Mortgage Bonds.....	Pem. Southern..	Sept. 1, 1956....	150,000.00	6,000.00	6,000.00
4% 2nd Mortgage Prairie "A".....	G.T.P.....	April 1, 1955....	10,206,000.00	408,240.00	408,240.00
4% 2nd Mortgage Mountain "B".....	G.T.P.....	April 1, 1955....	9,963,000.00	398,520.00	398,520.00
4% 1st Mortgage Lake Superior.....	G.T.P.....	April 1, 1955....	7,533,000.00	301,320.00	301,320.00
4% Perpetual Con. Debenture Stock.....	Can. Nor.....	Perpetual.....	44,943,019.40	1,797,720.74	1,797,720.74
4½% Prince Albert Branch Bonds.....	Can. Nor.....	June 30, 1930....	300,000.00	13,500.00	13,500.00
6% Equipment Trust—Series "A".....	Can. Nor.....	Serially 1/7/1928	400,000.00	36,000.00	61,500.00
6% Equipment Trust—Series "B".....	Can. Nor.....	" 1/1/1929	1,125,000.00	78,750.00	123,750.00
6% Equipment Trust—Series "C".....	Can. Nor.....	" 1/5/1929	1,125,000.00	93,750.00	138,750.00
6% Equipment Trust—Series "D".....	Can. Nor.....	" 1/12/1929	1,500,000.00	120,000.00	165,000.00
7% Equipment Trust—Series "E".....	Can. Nor.....	May 1, 1935.....	14,000,000.00	980,000.00	980,000.00
4% Perpetual Con. Debenture Stock.....	C.N.O.....	Perpetual.....	8,724,113.20	348,964.50	348,964.50
5% 1st Mortgage Bonds.....	C.O.R.....	Jan. 1, 1934.....	769,906.66	38,495.33	38,908.99
5% 1st Mortgage Bonds.....	Bay of Quinté..	Jan. 2, 1927.....			36,500.00
4% Perpetual Con. Debenture Stock.....	C.N.Q.....	Perpetual.....	5,250,369.26	210,014.76	210,014.76
4% 1st Mortgage Gold Bonds.....	G.N. of C.....	Oct. 1, 1934.....	3,510,250.00	140,410.00	140,410.00
4% 1st Mortgage Perp. Deb. Stock.....	Q. & L. St. J..	Perpetual.....	4,252,503.06	170,100.14	170,100.14
3½% 1st Mortgage Bonds.....	H. & S.W.....	Sept. 30, 1942..	4,447,000.00	*77,822.50	77,822.50
4% 1st Mortgage Debenture Stock.....	Q.L.L. & S.R.R..	July 1, 1936.....	5,020,546.77	200,819.30	200,784.16
5% 1st Mortgage Rent Charge Bonds.....	M.R.Tnl. & Tml.	April 15, 1970...	1,595,293.34	81,340.88	85,960.55
5% 1st Mortgage Bonds.....	C.N.C. & O.Dock	Jan. 1, 1936.....	1,375,000.00	68,750.00	68,750.00
4% 1st Mortgage Debenture Stock.....	D.W. & P.....	June 1, 1939....	7,004,997.27	280,199.89	280,199.89
4% 1st Mortgage Bonds.....	G.T.W.....	July 1, 1950....	10,964,416.00	438,576.64	438,576.64
6% Equipment Trust Notes "U.S.R.A.".....	G.T.W.....	Ser. 15/1/1935..	1,652,000.00	99,636.25	112,026.25
5% 1st Mortgage Bonds.....	G.T. Jct.....	Jan. 1, 1934....	938,960.00	46,948.00	46,948.00
4½% Equipment Trust—Series "H".....	Can. Nat.....	Serially 1/7/1939	7,500,000.00	351,562.50	379,687.50
4½% Equipment Trust—Series "J".....	Can. Nat.....	" 1/5/1942	15,000,000.00	420,000.00	
Interest on Securities retired in 1926.....	Can. Nor.....				2,083.33
Fixed Charges due Public per Income A/C 546.....				\$40,448,274.44	\$39,119,410.55
4% Montreal Warehousing Co. Firsts.....		April 1, 1936....	111,000.00	Int. charged to A/C 512 or 545.	
5% Rail & River Coal Co. Firsts.....		April 1, 1938....	1,446,000.00	do.	do.
5% Niagara, St. Catharines & Toronto Ry. Co. Firsts.....		Nov. 1, 1929....	1,098,000.00	do.	do.
4½% Toronto Suburban Debenture Stock.....		July 15, 1961....	2,628,000.00	do.	do.
Canadian National Realities Ltd. Outstanding Mortgages.....		Various.....	381,140.00	do.	do.
4½% National Transcontinental Ry. Branch Lines Gold Bds		Oct. 1, 1955....	3,396,000.00	Interest charged to A/C 701.	
5% Canadian Northern Income Charge Debenture Stock....		May 6, 1930....	24,137,846.08	Interest not earned.	
Total Debt held by Public (including bonds held in Sinking Fund) as per Balance Sheet A/C 755.....			\$981,381,736.52		

*6 months' interest charged to Eastern Lines.

CANADIAN NATIONAL RAILWAYS

STATISTICS OF RAIL-LINE OPERATION TRAIN AND LOCOMOTIVE MILEAGE

Class of Service	TRAIN MILEAGE		LOCOMOTIVE MILEAGE							
	1927	1926	Principal		Helper		Light		Total Locomotive Mileage	
			1927	1926	1927	1926	1927	1926	1927	1926
Freight.....	31,744,709	30,800,219	31,763,845	30,817,169	677,172	811,301	558,556	486,988	32,999,573	32,115,458
Passenger.....	22,389,609	21,502,914	22,389,621	21,502,922	113,052	119,492	390,998	407,526	22,893,671	22,029,940
Mixed.....	3,169,220	3,025,934	3,169,622	3,026,112	13,800	20,641	38,459	29,274	3,221,881	3,076,027
Special.....	36,527	37,448	36,533	37,448	2,218	2,689	1,089	1,029	39,840	41,166
Unit Cars.....	984,107	986,860							3,822,605	3,610,456
Train Switching.....									12,880,041	12,865,942
Yard Switching—Freight.....									975,938	
“ “ Passenger.....										
Total Transportation.....	58,324,172	56,353,375							76,833,549	74,725,349
Work.....	2,465,344	2,331,242							2,959,858	2,969,489
Grand Total.....	60,789,516	58,684,617							79,793,407	77,694,838

FREIGHT TRAIN CAR MILEAGE

Class of Service	Loaded		Empty		Total Loaded and Empty		Caboose		Total Freight Train Car Mileage	
	1927	1926	1927	1926	1927	1926	1927	1926	1927	1926
Freight Train.....	808,756,432	794,749,924	421,709,230	410,786,078	1,230,465,662	1,205,536,002	31,733,365	30,685,108	1,262,199,027	1,236,221,110
Mixed Train.....	19,415,753	19,377,919	7,616,075	7,833,219	27,031,828	27,211,138	1,372,052	1,258,436	28,403,880	28,469,574
Special Train.....	361,453	327,555	2,164	2,046	363,617	329,601	36,549	33,996	400,166	363,597
Other Transportation.....	13,273,064	13,715,377	8,463,666	8,441,752	21,736,730	22,157,129	1,015,681	762,140	22,752,411	22,919,269
Total Transportation.....	841,806,702	828,170,775	437,791,135	427,063,095	1,279,597,837	1,255,233,870	34,157,647	32,739,680	1,313,755,484	1,287,973,550
Work.....	9,207,847	7,927,284	7,962,471	6,728,690	17,170,318	14,655,974	1,604,003	1,520,542	18,774,321	16,176,516
Grand Total.....	851,014,549	836,098,059	445,753,606	433,791,785	1,296,768,155	1,269,889,844	35,761,650	34,260,222	1,332,529,805	1,304,150,066

PASSENGER TRAIN CAR MILEAGE

Class of Service	Passenger		Sleeping, Parlor and Observation		Dining		Other		Total Passenger Train Car Mileage	
	1927	1926	1927	1926	1927	1926	1927	1926	1927	1926
Freight Train.....	3,542,713	4,321,203	125,655	128,378	25,654	16,071	3,711,701	3,114,744	7,405,723	7,580,396
Passenger Train.....	54,902,392	52,159,009	41,912,705	39,171,530	6,734,447	5,888,206	50,931,822	49,120,045	154,481,366	146,338,790
Mixed Train.....	4,580,216	4,304,122	23,438	37,981	1,632	2,304	1,705,481	1,653,760	6,310,787	5,998,167
Special Train.....	123,979	111,037	22,203	27,116	1,180	3,048	19,750	45,728	167,112	186,929
Unit Cars and Trailers.....	1,427,991	1,219,433							1,427,991	1,219,433
All Transportation Services.....	64,577,291	62,114,804	42,084,021	39,365,005	6,762,913	5,909,629	56,368,754	53,934,277	169,792,979	161,323,715
Work Service.....	66,204	53,558	20,430	48,854	2,332	9,474	81,953	66,803	170,919	178,689
Grand Total.....	64,643,495	62,168,362	42,104,451	39,413,859	6,765,245	5,919,103	56,450,707	54,001,080	169,963,898	161,502,404

CANADIAN NATIONAL RAILWAYS

STATISTICS OF RAIL-LINE OPERATION

Item No.	Year 1927	Year 1926	Item No.	Year 1927	Year 1926
1. AVERAGE MILEAGE OF ROAD OPERATED.....					
FREIGHT SERVICE:					
91 Tons—Revenue Freight.....	60,531,058	59,240,518	131 Loaded Freight Car Miles—Freight Trains.....	25.89	26.25
92 Tons—Non-Revenue Freight.....	11,041,260	9,924,176	132 Loaded Freight Car Miles—Mixed Trains.....	6.13	6.40
93 Tons—Total.....	71,572,318	69,164,694	133 Empty Freight Car Miles—Freight Trains.....	13.55	13.61
94 Ton Miles—Revenue Freight.....	18,587,960,341	18,430,954,016	134 Empty Freight Car Miles—Mixed Trains.....	2.40	2.59
95 Ton Miles—Non-Revenue Freight.....	2,328,254,535	2,060,822,644	135 Ton Miles—Revenue Freight.....	538.39	551.09
96 Ton Miles—Total.....	20,916,214,876	20,491,776,660	136 Ton Miles—All Freight.....	606.19	612.98
PASSENGER SERVICE:					
97 Passengers Carried—Revenue.....	18,843,962	19,892,898	137 Passenger Train Car Miles—Passenger Trains.....	6.99	6.90
98 Passenger Miles—Revenue.....	1,374,893,080	1,326,251,169	138 Passenger Train Car Miles—Mixed Trains.....	1.99	1.98
REVENUES AND EXPENSES:					
101 Freight Revenue.....	\$193,541,352.73	\$191,787,465.76	139 Revenue Passenger Miles.....	57.41	57.62
102 Passenger Revenue.....	36,080,488.49	35,570,671.22	140 Freight Revenue.....	\$5.64	\$5.76
103 Passenger Service Train Revenue.....	55,302,415.65	54,327,750.14	141 Passenger Service Train Revenue.....	\$2.32	\$2.36
104 Operating Revenues.....	256,575,724.07	253,376,654.54	142 Operating Revenues.....	\$4.40	\$4.50
105 Operating Expenses.....	214,461,747.62	205,472,649.88	143 Operating Expenses.....	\$3.68	\$3.65
106 Net Operating Revenue.....	42,113,976.45	47,904,004.66	144 Net Operating Revenues.....	\$.72	\$.85
AVERAGES PER LOCOMOTIVE MILE:					
151 Train Miles—Freight Trains.....	.96		151 Train Miles—Freight Trains.....	.96	.96
152 Car Miles—Freight Trains.....	38.94		152 Car Miles—Freight Trains.....	38.94	39.21
153 Train Miles—Passenger Trains.....	.98		153 Train Miles—Passenger Trains.....	.98	.98
154 Car Miles—Passenger Trains.....	7.07		154 Car Miles—Passenger Trains.....	7.07	6.99
155 Train Miles—Mixed Trains.....	.98		155 Train Miles—Mixed Trains.....	.98	.98
156 Car Miles—Mixed Trains.....	10.77		156 Car Miles—Mixed Trains.....	10.77	11.21
157 Train Miles—Special Trains.....	.92		157 Train Miles—Special Trains.....	.92	.91
158 Car Miles—Special Trains.....	14.24		158 Car Miles—Special Trains.....	14.24	13.37
AVERAGES PER LOADED FREIGHT CAR MILE:					
161 Ton Miles—Revenue Freight.....	21.97		161 Ton Miles—Revenue Freight.....	21.97	22.17
162 Ton Miles—All Freight.....	24.74		162 Ton Miles—All Freight.....	24.74	24.66
163 Freight Revenue.....	\$0.23001		163 Freight Revenue.....	\$0.23001	\$0.23167
AVERAGES PER CAR MILE—PASSENGER:					
171 Passenger Miles—Revenue.....	12.91		171 Passenger Miles—Revenue.....	12.91	13.09
172 Passenger Revenue.....	\$0.33874		172 Passenger Revenue.....	\$0.33874	\$0.35100
MISCELLANEOUS AVERAGES:					
181 Miles Hauled—Revenue Freight.....	307.06		181 Miles Hauled—Revenue Freight.....	307.06	311.12
182 Miles Hauled—Non-Revenue Freight.....	210.87		182 Miles Hauled—Non-Revenue Freight.....	210.87	207.66
183 Miles Hauled—All Freight.....	292.23		183 Miles Hauled—All Freight.....	292.23	296.28
184 Miles Carried—Revenue Passengers.....	72.96		184 Miles Carried—Revenue Passengers.....	72.96	66.67
185 Revenue Per Ton of Freight.....	\$3.19739		185 Revenue Per Ton of Freight.....	\$3.19739	\$3.23744
186 Revenue Per Ton Mile of Freight.....	\$0.01041		186 Revenue Per Ton Mile of Freight.....	\$0.01041	\$0.01041
187 Revenue Per Passenger.....	\$1.91470		187 Revenue Per Passenger.....	\$1.91470	\$1.78811
188 Revenue Per Passenger Mile.....	\$0.02682		188 Revenue Per Passenger Mile.....	\$0.02682	\$0.02682
189 Operating Ratio.....	83.59%		189 Operating Ratio.....	83.59%	81.09%

CANADIAN NATIONAL RAILWAYS

COMPARATIVE STATEMENT OF REVENUE TONNAGE BY COMMODITIES

	Year 1927	Year 1926	Increase Decrease
	Tons	Tons	Tons
PRODUCTS OF AGRICULTURE:			
Wheat.....	6,071,381	6,211,845	140,464
Corn.....	573,999	495,236	78,763
Oats.....	686,210	883,894	197,684
Barley.....	547,356	529,990	17,366
Rye.....	291,904	95,458	196,446
Flax (Seed).....	53,498	64,685	11,187
Other Grain.....	52,724	84,464	31,740
Flour.....	1,023,439	1,113,634	90,195
Other Mill Products.....	974,234	958,458	15,776
Hay and Straw.....	359,124	477,362	118,238
Cotton.....	55,970	54,600	1,370
Apples (Fresh).....	96,455	113,110	16,655
Other Fresh Fruits.....	328,653	339,684	11,031
Potatoes.....	282,016	257,342	24,674
Other Fresh Vegetables.....	174,178	160,796	13,382
Other Products of Agriculture.....	537,209	544,048	6,839
Total.....	12,108,350	12,384,606	276,256
PRODUCTS OF ANIMALS:			
Horses and Mules.....	48,357	48,287	70
Cattle and Calves.....	427,712	424,277	3,435
Sheep and Goats.....	45,455	38,230	7,225
Hogs.....	222,405	212,462	9,943
Dressed Meats (Fresh).....	209,545	205,229	4,316
Dressed Meats (Cured or Salted).....	67,065	79,202	12,137
Other Packing House Products.....	128,035	149,012	20,977
Poultry.....	19,932	22,461	2,529
Eggs.....	57,076	51,405	5,671
Butter and Cheese.....	137,014	158,146	21,132
Wool.....	21,467	18,032	3,435
Hides and Leather.....	89,130	84,455	4,675
Other Products of Animals.....	35,333	41,853	6,520
Total.....	1,508,526	1,533,051	24,525
PRODUCTS OF MINES:			
Anthracite Coal.....	2,549,943	2,747,710	197,767
Bituminous Coal.....	7,007,150	7,013,980	6,830
Lignite Coal.....	1,972,679	1,881,334	91,345
Coke.....	635,703	782,045	146,342
Iron Ores.....	494,558	566,581	72,023
Other Ores and Concentrates.....	368,555	335,054	33,501
Bullion and Matte.....	32,606	54,608	22,002
Clay, Gravel, Sand and Crushed Stone.....	6,235,562	5,762,952	472,610
Slate, Stone, Granite (Dimension or Block).....	160,842	195,872	35,030
Crude Petroleum.....	187,175	184,160	3,015
Asphaltum.....	166,334	102,136	64,198
Salt.....	424,359	420,663	3,696
Other Products of Mines.....	184,404	184,935	531
Total.....	20,419,870	20,232,030	187,840
PRODUCTS OF FORESTS:			
Logs, Posts, Poles and Cordwood.....	2,337,239	2,151,616	185,623
Ties.....	96,079	119,697	23,618
Pulpwood.....	3,069,078	2,595,460	473,618
Sawed Lumber, Timber, Box Shooks, Staves and Headings.....	4,283,094	4,517,471	234,377
Other Products of Forests.....	219,412	208,463	10,949
Total.....	10,004,902	9,592,707	412,195
Carried Forward.....	44,041,648	43,742,394	299,254

CANADIAN NATIONAL RAILWAYS

COMPARATIVE STATEMENT OF REVENUE TONNAGE BY COMMODITIES—Continued

	Year 1927	Year 1926	Increase Decrease
	Tons	Tons	Tons
Brought Forward.....	44,041,648	43,742,394	299,254
MANUFACTURES AND MISCELLANEOUS:			
Refined Petroleum and its Products.....	1,632,487	1,477,506	154,981
Sugar, Syrup, Glucose and Molasses.....	302,159	349,859	47,700
Iron, Pig and Bloom.....	325,527	296,092	29,435
Rails and Fastenings.....	72,132	58,841	13,291
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	813,424	814,067	643
Castings, Machinery and Boilers.....	550,491	419,779	130,712
Cement.....	1,007,083	1,010,657	3,574
Brick and Artificial Stone.....	528,418	496,952	31,466
Lime and Plaster.....	348,631	343,040	5,591
Sewer Pipe and Drain Tile.....	66,824	115,816	48,992
Agriculture Implements and Vehicles other than Autos.....	240,255	198,538	41,717
Automobiles and Auto Trucks.....	1,424,447	1,225,786	198,661
Household Goods and Second-hand Furniture.....	45,560	44,564	996
Furniture (new).....	53,005	59,038	6,033
Liquor and Beverages.....	131,865	116,575	15,290
Fertilizer.....	267,318	165,766	101,552
Paper, Printed Matter and Books.....	1,147,927	1,091,758	56,169
Wood Pulp.....	990,439	1,081,027	90,588
Fish (fresh, frozen, smoked or salted).....	70,733	71,965	1,232
Canned Meats.....	2,654	838	1,816
Canned Goods (all canned food products other than Meat).....	202,281	171,032	31,249
Other Manufactures and Miscellaneous.....	3,830,149	3,529,025	301,124
Merchandise.....	2,435,601	2,359,603	75,998
Total.....	16,489,410	15,498,124	991,286
Grand Total.....	60,531,058	59,240,518	1,290,540

CANADIAN NATIONAL RAILWAYS

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM

NAME OF ISSUING COMPANY	Capital Stock	Held by System	Held by Govern- ment and others
CANADIAN NATIONAL RAILWAY COMPANY.....	\$180,424,327.70	†\$14,796,589.00	†\$165,627,738.70
Bay City Terminal Railway Company.....	15,000.00	15,000.00	
*Canada Atlantic Transit Company.....	219,000.00	219,000.00	
*Canada Atlantic Transit Company of U.S.....	250,000.00	250,000.00	
The Canadian Express Company.....	1,768,800.00	1,768,800.00	
The Champlain and St. Lawrence Railroad Company.....	50,000.00	50,000.00	
The Chicago, Detroit and Canada Grand Trunk Junction Railroad Com- pany.....	1,095,000.00	1,095,000.00	
Chicago, New York and Boston Refrigerator Company.....	1,129,400.00	1,129,400.00	
Detroit, Grand Haven and Milwaukee Railway Company.....	1,500,000.00	1,500,000.00	
Grand Rapids Terminal Railroad Company.....	50,000.00	50,000.00	
The Grand Trunk Junction Railway Company.....	500,000.00	500,000.00	
Grand Trunk Western Railway Company.....	6,000,000.00	6,000,000.00	
International Bridge Company.....	1,500,000.00	1,500,000.00	
The Lachine, Jacques Cartier and Maisonneuve Railway Company.....	1,200.00	1,200.00	
The Michigan Air Line Railway.....	300,000.00	300,000.00	
*Montreal and Southern Counties Railway Company.....	500,000.00	310,500.00	189,500.00
The Maganetawan River Railway Company.....	30,000.00	30,000.00	
*The Montreal Warehousing Company.....	236,000.00	221,100.00	14,900.00
National Transcontinental Railway Branch Lines Company.....	500.00	500.00	
New England Elevator Company.....	400,000.00	400,000.00	
*The Oshawa Railway Company.....	40,000.00	40,000.00	
The Ottawa Terminals Railway Company.....	250,000.00	250,000.00	
The Pembroke Southern Railway Company.....	107,800.00	90,500.00	17,300.00
Portland Elevator Company.....	50,000.00	50,000.00	
*Rail and River Coal Company.....	2,000,000.00	2,000,000.00	
St. Clair Tunnel Company.....	700,000.00	700,000.00	
*The Terminal Warehousing Company, Limited.....	1,000,000.00	1,000,000.00	
*The Thousand Islands Railway Company.....	60,000.00	60,000.00	
Toledo, Saginaw and Muskegon Railway Company.....	1,600,000.00	1,600,000.00	
The Toronto Belt Line Railway Company.....	50,000.00	26,000.00	24,000.00
The United States and Canada Rail Road Company.....	219,400.00	218,925.00	475.00
Vermont and Province Line Railroad Company.....	200,000.00	200,000.00	
*Prince Charles, Limited.....	10,000.00	10,000.00	
Canadian National Land Settlement Association.....			
The Pontiac, Oxford and Northern Railroad Company.....	1,000,000.00	1,000,000.00	
The Detroit and Huron Railway Company.....	148,000.00	148,000.00	
The Chicago and Kalamazoo Terminal Railroad Company.....	100,000.00	100,000.00	
Grand Trunk-Milwaukee Car Ferry Company.....	200,000.00	200,000.00	
Whipple Car Company.....	1,400,000.00	1,400,000.00	
Total Canadian National Railway Group.....	\$205,104,427.70	\$39,230,514.00	\$165,873,913.70
THE CANADIAN NORTHERN RAILWAY COMPANY.....	\$101,000,600.00	\$1,000,000.00	\$100,000,600.00
The Bay of Quinté Railway Company.....	1,395,000.00	1,395,000.00	
The Bessemer and Barry's Bay Railway Company.....	125,000.00		
The Canadian Northern Alberta Railway Company.....	3,000,000.00	3,000,000.00	
The Canadian Northern Railway Express Company, Limited.....	1,000,000.00	1,000,000.00	
Canadian Northern Manitoba Railway Company.....	250,000.00	250,000.00	
The Canadian Northern Ontario Railway Company.....	10,000,000.00	10,000,000.00	
Canadian Northern Pacific Railway Company.....	25,000,000.00	25,000,000.00	
**The Canadian Northern Quebec Railway Company.....	9,550,000.00	5,700,800.00	3,849,200.00
*Canadian National Realities, Limited.....	40,000.00	40,000.00	
Canadian Northern Steamships, Limited.....	2,000,000.00	2,000,000.00	
The Canadian Northern Coal and Ore Dock Company, Limited.....	500,000.00	500,000.00	
Canadian Northern Rolling Stock, Limited.....	50,000.00	50,000.00	
Canadian National Rolling Stock Limited.....	50,000.00	50,000.00	
*Canadian National Electric Railways.....	1,750,000.00	1,750,000.00	
Canadian National Express Company.....	1,000,000.00	1,000,000.00	
Canadian Northern System Terminals Limited.....	2,000,000.00	2,000,000.00	
*Canadian National Telegraph Company.....	500,000.00	500,000.00	
*Canadian National Transfer Company.....	500,000.00	500,000.00	
Canadian Northern Western Railway Company.....	2,000,000.00	2,000,000.00	
The Central Ontario Railway.....	3,331,000.00	3,329,000.00	2,000.00
Continental Realty & Holding Company Limited.....	90,000.00	90,000.00	
The Dalhousie Navigation Company, Limited.....	50,000.00	50,000.00	
Carried Forward.....	\$165,181,600.00	\$61,329,800.00	\$103,851,800.00

CANADIAN NATIONAL RAILWAYS

SCHEDULE OF COMPANIES COMPRISING THE CANADIAN NATIONAL RAILWAY SYSTEM—Continued

NAME OF ISSUING COMPANY	Capital Stock	Held by System	Held by Govern- ment and others
Brought Forward.....	\$165,181,600.00	\$61,329,800.00	\$103,851,800.00
Duluth, Winnipeg and Pacific Railroad Company.....	100,000.00	100,000.00	
Duluth, Winnipeg and Pacific Railway Company.....	6,000,000.00	6,000,000.00	
*Duluth and Virginia Realty Company.....	45,000.00	45,000.00	
Duluth, Rainy Lake & Winnipeg Railway Company.....	2,000,000.00	2,000,000.00	
*The Great North Western Telegraph Company of Canada.....	373,625.00	34,850.00	7,275.00
The Great North Western Telegraph Company of Canada (held in escrow)		331,500.00	
The Halifax and South Western Railway Company.....	1,000,000.00	1,000,000.00	
The Irondale, Bancroft and Ottawa Railway Company.....	53,500.00	53,000.00	500.00
The James Bay and Eastern Railway Company.....	1,250,000.00	1,250,000.00	
The Lake Superior Terminals Company Limited.....	500,000.00	500,000.00	
Market Gardens Limited.....	15,000.00	15,000.00	
The Marmora Railway and Mining Company.....	128,600.00	128,600.00	
The Minnesota and Manitoba Railroad Company.....	400,000.00	400,000.00	
The Minnesota and Ontario Bridge Company.....	100,000.00	100,000.00	
Mount Royal Tunnel and Terminal Company, Limited.....	5,000,000.00	5,000,000.00	
*The Niagara, St. Catharines and Toronto Railway Company.....	925,000.00	924,900.00	100.00
*The Niagara, St. Catharines and Toronto Navigation Company (Limited)	100,000.00	100,000.00	
The Quebec and Lake St. John Railway Company.....	4,508,300.00	4,019,140.00	489,160.00
The Qu'Appelle, Long Lake and Saskatchewan Railroad and Steamboat Company.....	201,000.00	201,000.00	
St. Boniface Western Land Company.....	250,000.00	250,000.00	
The St. Charles and Huron River Railway Company.....	10,000.00	10,000.00	
The Toronto, Niagara and Western Railway Company.....	125,000.00	125,000.00	
The Winnipeg Land Company Limited.....	100,000.00	100,000.00	
Total Canadian Northern Railway Group.....	\$188,366,625.00	\$84,017,790.00	\$104,348,835.00
THE GRAND TRUNK PACIFIC RAILWAY COMPANY.....	\$24,942,000.00	\$24,942,000.00	
The Grand Trunk Pacific Branch Lines Company.....	1,002,000.00	1,002,000.00	
The Grand Trunk Pacific Saskatchewan Railway Company.....	200,000.00	200,000.00	
*The Grand Trunk Pacific Development Company, Limited.....	3,000,000.00	3,000,000.00	
*Canadian National Steamship Company, Limited.....	15,000.00	15,000.00	
*Grand Trunk Pacific Alaska Steamship Company.....	50,000.00	50,000.00	
*Grand Trunk Pacific Terminal Elevator Company, (Limited).....	501,000.00	501,000.00	
*The Grand Trunk Pacific Telegraph Company.....	100,000.00	100,000.00	
*Grand Trunk Pacific Dock Company, of Seattle.....	150,000.00	150,000.00	
Total Grand Trunk Pacific Railway Group.....	\$29,960,000.00	\$29,960,000.00	
SUMMARY			
Canadian National Railway Group.....	\$205,104,427.70	\$39,230,514.00	\$165,873,913.70
Canadian Northern Railway Group.....	188,366,625.00	84,017,790.00	104,348,835.00
Grand Trunk Pacific Railway Group.....	29,960,000.00	29,960,000.00	
	\$423,431,052.70	\$153,208,304.00	\$270,222,748.70 [Ⓐ]
*Canadian National Railways (France).....	fr.30,000,000.00	fr.30,000,000.00	

The accounts of Companies indicated () are taken up in the System Income Account as "Separately Operated Properties."

**\$5,144,600 C.N.Q. Stock is held by the Northern Consolidated Holding Company. The Canadian Northern Railway owns 44,467 shares in that Company out of a total issue of 61,815. For the purpose of this statement the Holding Company is ignored and the proportion of the C.N.Q. Stock thus owned by the Canadian Northern Railway is shown as held by the latter Company.

†One certificate for \$180,424,327.70 of the Company's Capital Stock is issued in the name of His Majesty as representing \$165,627,738.70 of Grand Trunk Stock previously held by the public and \$14,796,589 previously held in that Company's treasury.

[Ⓐ]\$265,628,338.70 of this amount is owned by the Dominion of Canada.

CANADIAN NATIONAL RAILWAYS

A/C 706—INVESTMENTS IN AFFILIATED COMPANIES

COMPANY	Amount Outstanding	Amount Owned by Can. Nat. System	Book Value
"A"—STOCKS:			
Atlantic and St. Lawrence Rail Road Company.....	\$5,484,000.00	\$224.33	
The Belt Railway Company of Chicago.....	3,120,000.00	240,000.00	
Central Vermont Railway Company.....	3,000,000.00	2,191,100.00	
Chicago & Western Indiana Railroad Company.....	5,000,000.00	1,000,000.00	
The Detroit and Toledo Shore Line Railroad Company.....	1,428,000.00	714,000.00	
The Ontario Car Ferry Company (Limited).....	500,000.00	250,000.00	
The Toronto Terminals Railway Company.....	50,000.00	25,000.00	
The Toledo Terminal Railroad Company.....	4,000,000.00	387,200.00	
Detroit Terminal Railroad Company.....	2,000,000.00	1,000,000.00	
Canadian Government Merchant Marine, Limited.....	460,900.00	900.00	
	\$25,042,900.00	\$5,808,424.33	\$1,516,785.91
"B"—BONDS:			
Atlantic and St. Lawrence Rail Road Company.....	\$3,000,000.00	\$3,000,000.00	
Central Vermont Railway Company 5% Gold Bonds.....	12,838,300.00	4,229,300.00	
Chicago & Western Indiana Railroad Consolidated Bonds.....	49,298,666.67	2,187,000.00	
The Detroit and Toledo Shore Line R.R. Co. First Mortgage Bonds...	3,000,000.00	587,000.00	
The Muskegon Railway & Navigation Co. First Mortgage Gold Bonds.	571,200.00	55,300.00	
The Toledo Terminal Railroad Company.....	5,241,000.00	137,000.00	
The Toronto Terminals Railway Co. 5% First Mortgage Bonds.....	12,582,100.00	6,291,100.00	
	\$86,531,266.67	\$16,486,700.00	\$16,456,591.80
"C"—NOTES:			
Central Vermont Railway Company.....			\$8,041,905.52
"D"—ADVANCES:			
Canadian Government Merchant Marine, Limited.....			\$565,760.57
Central Vermont Railway Company.....			12,850,343.15
Chicago & Western Indiana Railroad Company.....			638,114.66
The Muskegon Railway and Navigation Company.....			44,084.78
			\$14,098,303.16
Total Balance Sheet A/c No. 706.....			\$40,113,586.39

CANADIAN NATIONAL RAILWAYS

OPERATED MILEAGE DECEMBER 31, 1927

SYSTEM LINES (Excluding "Eastern Lines" and Central Vermont Ry.)

Territory	Mileage owned by Constituent Companies				Mileage of Lines under Lease or Contract		Mileage of Trackage Rights		Total Road Mileage				Spurs, Sidings and Yard Tracks		Inactive Mileage		
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	Miles	Miles	1st Main Track	2nd Main Track	Spurs, Sidings & Yard Tracks
CENTRAL REGION																	
QUEBEC DISTRICT:																	
Levis Division (Lines West of Levis & Diamond Jct.)	292.62	21.66					3.28		295.90	21.66			115.72		32.49		4.30
Saguenay Division	467.89				5.48				473.37				136.31				0.49
Cochrane Division	710.71				0.95				710.71				202.87		5.66		0.42
Montreal Division	429.44								430.39				87.41				
MONTREAL DISTRICT:																	
Portland Division (excluding New England Lines)	123.63	28.61							123.63	28.61			51.28				
Lines—																	
Atlantic & St. Lawrence R.R.					165.37	0.99			165.37	0.99			92.02				
Lewiston & Auburn R.R.					5.43				5.43				1.74				
Norway Branch R.R.					1.41				1.41				0.71				
Montreal Terminals	35.59	16.35			5.82	5.82	9.76	0.08	41.41	22.17			212.60				
St. Lawrence Division	409.87	142.75			78.09				497.72	142.83			145.32				
Ottawa Division	421.49	2.13	0.28		21.06				442.58	2.13	0.28		84.93				
NORTHERN ONTARIO DISTRICT:																	
Allandale Division	436.14	1.29							436.14	1.29			142.73				
Capreol Division	579.80	0.15							581.18	0.15			182.75				
Hornepayne Division	587.70								587.70				91.75				
SOUTHERN ONTARIO DISTRICT:																	
Belleville Division	1099.00	199.92							1099.00	199.92			318.64		18.60		
Toronto Terminals	32.80	20.02			1.87	1.87	4.08	4.08	38.75	25.97	8.85	7.42	221.31		0.60	0.60	
Stratford Division	644.02	1.25			154.69	8.25			798.71	9.50			195.73				
Carried Forward	6270.70	434.13	9.13	7.42	18.50	16.93	4.16	4.16	6729.40	455.22	9.13	7.42	2283.82		57.35	0.60	5.21

CANADIAN NATIONAL RAILWAYS

OPERATED MILEAGE DECEMBER 31, 1927—Continued
SYSTEM LINES (Excluding "Eastern Lines" and Central Vermont Ry.)

Territory	Mileage owned by Constituent Companies				Mileage of Lines under Lease or Contract		Mileage of Trackage Rights		Total Road Mileage				Spurs, Sidings and Yard Tracks	Inactive Mileage		
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	Miles	1st Main Track	2nd Main Track	Spurs, Sidings & Yard Tracks
Brought Forward.....	Miles 6270.70	Miles 434.13	Miles 9.13	Miles 7.42	Miles 440.20	Miles 16.93	Miles 18.50	Miles 4.16	Miles 6729.40	Miles 455.22	Miles 9.13	Miles 7.42	Miles 2283.82	Miles 57.35	Miles 0.60	Miles 5.21
SOUTHERN ONTARIO DISTRICT (Cont'd)																
London Division.....					2.84				406.32	207.91	3.36		257.34			
St. Thomas Division (excluding International Bridge Company's and Niagara Falls Suspension Bridge Company's tracks).....	244.46	89.88					4.07	4.05	248.53	93.93			159.12			
St. Thomas Division, International Bridge Company.....	0.97	0.55							0.97	0.55			5.95			
St. Thomas Division, Niagara Falls Suspension Bridge Company.....					0.25	0.25			0.25	0.25						
Total Mileage Central Region (System Lines).....	6919.61	732.47	12.49	7.42	443.29	17.18	22.57	8.21	7385.47	757.86	12.49	7.42	2706.23	57.35	0.60	5.21
GRAND TRUNK WESTERN LINES #																
Grand Trunk Western Railway....	331.09	321.70	10.56						335.94	326.55	10.56		290.49			
Chicago & Kalamazoo Terminal Railroad.....	0.89						4.85	4.85	1.92				18.01			
Chicago, Kalamazoo & Saginaw Railway.....					9.50		1.03		9.50				0.58			
Detroit, Grand Haven & Milwaukee Railway.....	188.32	16.63							188.32	16.63			193.92			
Grand Rapids Terminal R.R.....					1.51				1.51				3.86			
Toledo, Saginaw & Muskegon Railway.....							20.33		116.28				17.94			
Pontiac, Oxford & Northern Railroad.....	95.95								99.89				34.49			
Detroit & Huron Railway.....	99.89								18.58				3.93			
Chicago, Detroit & Canada Grand Trunk Junction Railroad.....	18.58								59.55	11.19			100.83			
Michigan Air Line Railway.....	105.92				59.55	11.19			105.92				21.12			
Cincinnati, Saginaw & Mackinaw Railroad.....													48.15			
Bay City Terminal Railway.....	1.17				50.56		1.57		52.13				2.53			
Grand Trunk Milwaukee Car Ferry (85.9 miles).....									1.17				5.80			
Total Grand Trunk Western Lines	841.81	338.33	10.56		121.12	11.19	27.78	4.85	990.71	354.37	10.56		741.65			

CANADIAN NATIONAL RAILWAYS

OPERATED MILEAGE DECEMBER 31, 1927—Continued SYSTEM LINES (Excluding "Eastern Lines" and Central Vermont Ry.)

Territory	Mileage owned by Constituent Companies				Mileage of Lines under Lease or Contract		Mileage of Trackage Rights		Total Road Mileage				Spurs, Sidings and Yard Tracks		Inactive Mileage		
	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	1st Main Track	2nd Main Track	3rd Main Track	4th Main Track	Miles	Miles	1st Main Track	2nd Main Track	Spurs, Sidings & Yard Tracks
WESTERN REGION																	
MANITOBA DISTRICT:																	
Lakehead Division.....	16.68	10.11						1.97	18.76	12.08			162.79		26.71		2.10
Port Arthur Division.....	952.33	30.29			43.88				996.21	30.29			243.82				
D.W. & P. Division.....	169.00								176.38				53.77				
Winnipeg Terminals Division.....	30.15	12.24			12.72	4.75			42.87	16.99			188.30				
Portage Division.....	898.56				242.10				1140.66				198.45				
Brandon Division.....	554.49				94.04				648.53				88.05				
Dauphin Division.....	690.23								690.23				113.03				
SASKATCHEWAN DISTRICT:																	
Prince Albert Division.....	760.56								760.56				89.50				
Melville Division.....	770.58								770.58				166.15				
Regina Division.....	935.65								936.90				164.50				
Saskatoon Division.....	778.82								778.82				181.07				
ALBERTA DISTRICT:																	
Calgary Division.....	860.34	19.91							864.64	19.91			186.91		3.80		0.73
Edmonton Division.....	985.08	4.27							985.08	4.27			225.57		30.15		1.92
Edson Division.....	422.01				34.83				457.22				143.21				
BRITISH COLUMBIA DISTRICT:																	
Smithers Division.....	676.73								676.73				129.65				0.15
Kamloops Division.....	624.12								663.14	17.96			141.45		11.65		
Vancouver Island Division.....	107.50								107.50				26.70				
Total Western Region.....	10232.83	76.82			427.57	4.75		19.93	10714.81	101.50			2482.92		72.31		4.90

SUMMARY

SYSTEM LINES:																	
Central Region (Lines west of Lewis & Diamond Jct.).....																	
Grand Trunk Western Lines.....	6919.61	732.47	12.49	7.42	443.29	17.18	22.57	8.21	7385.47	757.86	12.49	7.42	2705.23		57.35	0.60	5.21
Western Region.....	841.81	338.33	10.56		121.12	11.19	27.78	4.85	990.71	354.37	10.56		741.65		68.51		4.90
	10232.83	76.82			427.57	4.75	54.41	19.93	10714.81	101.50			2482.92				
Total Mileage Steam operated lines referred to as "System Mileage".....																	
	17994.25	1147.62	23.05	7.42	991.98	33.12	104.76	32.99	19090.99	1213.73	23.05	7.42	5930.80		125.86	0.60	10.11

CANADIAN NATIONAL RAILWAYS

SUMMARY OF FIRST MAIN TRACK MILEAGE BY REGIONS AND DISTRICTS

SYSTEM LINES

	(Excluding Eastern Lines & Central Vermont Ry.)	Miles
CENTRAL REGION:		
Quebec District (Lines west of Levis & Diamond Junction)		1,910.37
Montreal District		1,277.55
Northern Ontario District		1,605.02
Southern Ontario District		2,592.53
GRAND TRUNK WESTERN LINES		990.71
WESTERN REGION:		
Manitoba District		3,713.64
Saskatchewan District		3,246.86
Alberta District		2,306.94
British Columbia District		1,447.37
Total First Main Track Mileage, Steam Operated Lines referred to as "System Mileage"		19,090.99

MILEAGE OF LINES CONTROLLED BY CANADIAN NATIONAL RAILWAYS NOT INCLUDED IN OPERATING FIGURES

	Miles
STEAM OPERATED LINES:	
Thousand Islands Railway	4.60
ELECTRIC LINES:	
Can. Nat. Electric Ry. (Toronto Suburban District)	49.36
Niagara, St. Catharines & Toronto Ry.	68.59
Montreal & Southern Counties Ry.	(a) 56.02
Oshawa Railway	11.92
	190.49

(a) Includes 0.88 miles Montreal & Southern Counties Ry. running rights over Canadian National Rys. (duplicate mileage).

CANADIAN NATIONAL RAILWAYS

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